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Mission to Assess Future Sustainable Options of the Lao UXO Trust Fund and the UXO Lao Mine Action Programme

Robert Keeley

Alison Allcock

Thongdeng Singthilath

Marty Kongsaysy

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**MISSION TO ASSESS FUTURE SUSTAINABLE OPTIONS
OF THE
LAO UXO TRUST FUND
AND THE
UXO LAO MINE ACTION PROGRAMME**

MISSION REPORT

**Robert Keeley
Alison Allcock
Thongdeng Singthilath
Mayty Kongsaysy**

September 2002

MISSION TO ASSESS FUTURE SUSTAINABLE OPTIONS OF THE LAO UXO TRUST FUND AND THE UXO LAO MINE ACTION PROGRAMME	
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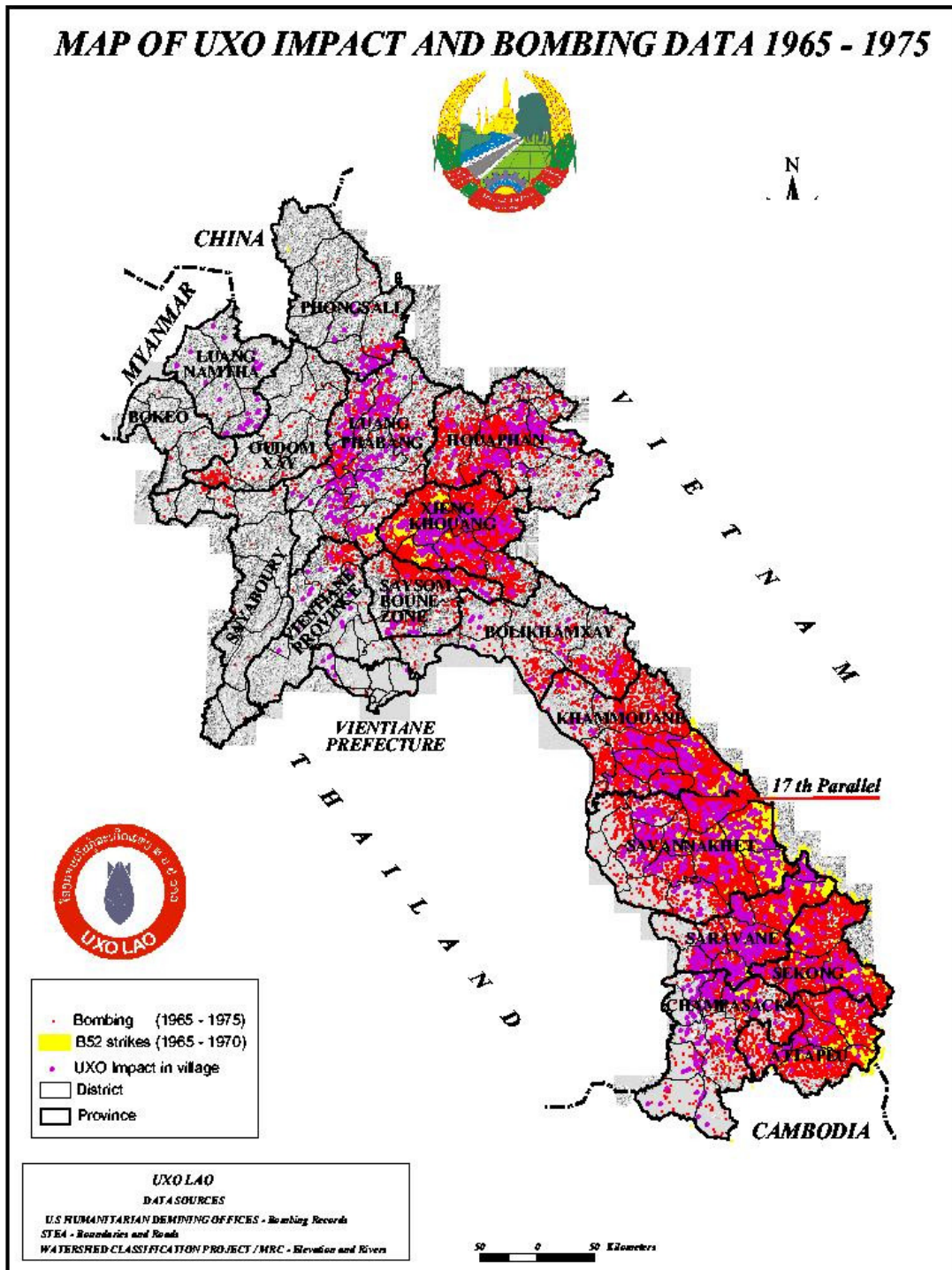


Figure i: UXO Contamination Map prepared by UXO Lao

MISSION TO ASSESS FUTURE SUSTAINABLE OPTIONS OF THE LAO UXO TRUST FUND AND THE UXO LAO MINE ACTION PROGRAMME: MISSION REPORT

1. Executive Summary

This mission was intended to focus on ways to allow the mine action program in Lao PDR to be maintained on a sustainable basis. As a result, comment on many of the things that are successful about the program is restricted. It is therefore worth mentioning briefly here that the program has been notably successful in developing the technical capacity to deal with UXO contamination.

The early sections of the report set out the terms of reference for the mission, a summary of the background to the current situation and the major issues now facing the program. The major reported concerns amongst stakeholders¹ are:

- A problem in communication and coordination at all levels
- A perceived lack of transparency, exacerbated by the communication problems
- The lack of a strategic plan, with subsequent difficulties in comparing inputs with outputs and determining a suitable exit strategy for donor assistance
- Lack of Government of Lao contribution to the program, both in terms of cash support and inclusion of the UXO issue in the general development process and documentation
- Difficulties for donors to support the current vertically and horizontally integrated structure of UXO Lao, especially in terms of paying staff salaries when the staff are, in effect, Lao civil servants

This report sets out some ideas for scoping the contamination problem in Lao PDR and suggests ways by which priority areas could be identified. This leads to means by which long, medium and short-term strategic action plans could be developed and an exit strategy for international assistance established. A 10-year intensive plan with international support is suggested, with the Government of Lao taking on full responsibility for maintaining the UXO response capacity that will be needed to deal with the residual contamination. There are also a number of suggestions for improving cost effectiveness and developing the role of UNDP in supporting the program.

The report then identifies two options for restructuring the UXO program that address stakeholder concerns. Both, however, would require the separation of the coordination, planning and regulatory functions from those of

¹ There are a number of other concerns, which are set out in the body of the report.

implementation, not least to allow higher-level managers to focus on strategic issues rather than being bogged down in the logistic detail for implementation.

Finally, the report sets out a number of suggestions for improving resource mobilisation.

**MISSION TO ASSESS FUTURE SUSTAINABLE OPTIONS OF THE LAO
UXO TRUST FUND AND THE UXO LAO MINE ACTION PROGRAMME:**

MISSION REPORT

2. Introduction, aim and methodology

2.1. *Introduction*

Lao PDR is one of the world's most heavily UXO contaminated nations. During the Indo-China war, there was extensive aerial bombardment and ground battles. During the period 1964 – 73, more than 500,000 bombing missions were launched, dropping more than 2 million tons of ordnance. The bombing was concentrated in the northern and southeastern provinces of the country.

With support from the international community a national programme, UXO LAO, was established in 1995/96. By Prime Ministerial Decree dated 13 February 1996, a Steering Committee, supervised by the Minister and under the Chairmanship of the Vice Minister for Labour and Social Welfare, was established and charged with responsibility for overall policy on UXO and mine action. Under the same decree, UXO LAO was established as a public institution with legal individual responsibility supervised by the Steering Committee. The UXO LAO program is nationally executed. Operational activities occur in nine of the most heavily contaminated and impacted provinces, covering mine risk reduction education, survey, clearance and training. Until recently, UXO LAO employed 1,100 staff, making it one of the country's largest employers.

The UXO LAO program is currently in a financial crisis and although field operations are progressing well, the program, as of mid July 2002 has had to reduce the numbers of teams working in the field. As a result of this crisis, UNDP and UXO LAO undertook to engage an independent assessment mission to clarify the problem and provide some insight into possible solutions.

2.2. *Aim*

This assessment mission was tasked with finding a new funding model for UXO LAO to operate at optimum and sustainable levels.

2.3. *Methodology*

The UNDP Country Office assembled a 4–person team to carry out this Mission. The team leader was selected based on extensive experience with humanitarian mine

action programs, with one other expatriate selected for a broad width of experience with a number of public and private sector institutions. However, the team was also given a strong Lao national component, with one member provided by UXO LAO and another provided by the Ministry of Labour and Social Welfare. The two Lao nationals played a vital part in providing the background to the current situation and guidance on the structure and working practices of programs in Lao PDR and of the Government of Lao. The mission could not have operated without their important contributions.

The team was given 3 weeks to complete the mission. Once the team was assembled in Vientiane, an outline works plan for the mission was drawn up in consultation with UNDP. This broke down activity into the following steps:

- Information gathering, including²
 - Briefings from UXO LAO staff and technical advisors on the organisation and structure of the UXO LAO program
 - Extensive stakeholder consultation drawing on interviews with relevant donor, international organisation and NGO representatives
 - Meetings with relevant government officials
 - Document review and analysis
 - Field trips³
- Analysis of the compiled information
- Preparation of briefing material on initial findings, which provided a means to get some initial feedback on the final days of the mission.

The process was intense, given the intent of the team to make the process as inclusive as possible and the short timeframe of the mission. Not everyone that the team hoped to speak to was available (for example, not all donors had representatives in country at the time of the mission), but it is believed that sufficient input was gained to paint an accurate picture of the situation.

Whatever success has been achieved is due in a very great extent to the assistance provided by all of the agencies that the team dealt with. Everyone

² A summary of meetings is included at Annex A, with a key document list at Annex B.

³ The team was required by the Terms of Reference (compiled by UNDP) to undertake at least one field trip. In fact, thanks to the extensive cooperation of UXO LAO staff, the team was able to visit two field locations, in Xieng Khouang and Khammoune.

was very helpful in setting up appointments at short notice and without the administrative support from the staff of the UXO LAO and UNDP offices the team's work would have been much harder.

Annexes (not available):

- A. Summary of meetings
- B. Key document list

3. Background and institutional analysis

3.1. *UXO Contamination in Lao PDR*

Lao PDR is one of the world's most heavily UXO contaminated nations. During the Indo-China war period, there was extensive aerial bombardment and ground battles. Briefing material prepared by UXO LAO states that, during the period 1964 – 73, more than 500,000 bombing missions were launched against targets in Laotian territory, dropping more than 2 million tons of ordnance. The bombing was concentrated in the northern and south-eastern provinces of the country.

As a consequence of this bombing, two-thirds of the country suffers from UXO. Ten of the eighteen provinces are considered severely contaminated.⁴ The Handicap International (HI) survey conducted in 1997 found that fifteen of the country's eighteen provinces were affected to one degree or another. HI found that in 42 of the districts surveyed, more than 35% of the villages reported UXO contamination. These 42 districts the survey considered to be 'severely' contaminated. Only provinces in the north central part of the country and in the west central part of the country, bordering on Myanmar, Thailand and China are relatively uncontaminated or not contaminated at all. HI also ranked ten of the country's eighteen provinces as severely contaminated, three provinces as not reporting a significant problem at all, and the remaining five provinces reporting significant contamination.

The HI survey found that 2,861 villages of 7,675 villages visited reported the continued presence of UXO. Of these villages, 948 reported that UXO lay in the centre of the village, posing a threat to the local people and their children. In 375 villages, UXO were reported along roads or paths, affecting travel, commerce and access to water, firewood, fodder and fields. 1700 villages reported UXO in their fields; these UXO pose risks to the farmers and reduce the chances of prosperity.

From analysis of bombing mission records and surveys, it is estimated [by UXO LAO] that approximately 87,213 square kilometres of land are considered to have a risk of containing UXO. (12,427 sq. km. high risk, 74,786 sq. km. moderate risk). Through necessity, many communities have to live with UXO, which pose both an ongoing humanitarian and development challenge.

Most of the aerial bombardment consisted of anti-personnel cluster bombs filled with sub-munitions. These...were intended to explode on, or shortly after impact. Each cluster bomb container was filled with up to 670 individual bomblets, each about the size of a tennis ball. Known as "bombies" in Lao language, on detonation, each one can kill and injure people in the vicinity. Extensive ground battles also left a large amount of unexploded ordnance including artillery and mortar shells, mines, rockets, grenades, and other devices from various countries

⁴ Deadly Harvest: Unexploded Ordnance in Laos, a publication of UXO LAO.

of origin. It is estimated [by UXO LAO] that up to 30% of bombies and other munitions failed to explode and continue to lie active in the ground⁵.

According to the HI survey:

“This type of UXO [bombies] was found in 1,553 villages. Large bombs, varying from 100 kilograms up to 1,000 kilograms were recorded as being present in 1,156 villages. Mortar shells were reported in 782 villages. Projectiles from artillery and armoured vehicles were reported in 555 villages.”⁶

The HI survey also accumulated data on nearly 10,649 UXO related incidents in Lao PDR since 1973. In 1997 the incidents were occurring at a rate of 200 a year. This was a dramatic reduction in the number of accidents per year from a reported high of 1400 per year (about 116 per month on average). UXO LAO briefing notes say that, from the end of the war until the mid 1990s, an estimated 240 persons per year were victims of UXO and mines. Since that time the number has dropped to approximately 100-150 per year but there is apparently there is some doubt about the accuracy of reporting.

The HI survey reported that one quarter of total reported incidents involved children, and that the proportion of children involved had increased over time. The survey also noted that though accidents were occurring during agricultural activities or economic activities in the surrounding forests, some villagers tampering with the pieces of UXO in order to extract the explosives or to sell the scrap metal often cause the items to explode.

UXO injuries in Lao PDR can be compared to injuries sustained in mine-contaminated countries. Injuries due to mines are often likely to be sustained in the lower body, often involving the amputation of the foot or the foot and part of the leg. Injuries to the upper body are very rare, and are most likely to occur if the mine is being tampered with. If medical care is available fairly quickly, mine victims are not so likely to die, unless they are very young children, or very old. In contrast, injuries from the “bombies”, or the anti-personnel bomblets dropped by the Americans during the Indo-China war are much more likely to kill the person involved in the incident. Further, the injuries are much more likely to be to the upper body than to the legs. The reason for this, according to Hi is that:

“These devices were designed to kill. More than half of the victims die almost immediately following the accident. If the victim survives, the

⁵ Note: there are a variety of figures in use in the mine action sector to estimate the percentage of items of ammunition that fail to function as intended (i.e. that become UXO). Whatever the actual percentage actually is, it is certainly true to say that a significant percentage of explosive ordnance fails to function. In many respects it does not matter how many items of UXO contaminate an area, if the threat of contamination is enough to prevent people from using the ground through fear of death or injury.

⁶ Living with UXO, op cit, page 7.

explosion often causes severe wounding and trauma, especially to the upper half of the body. Over half of the amputations resulting from injuries caused by UXO involve amputation of the hand, lower and upper arm. This concentration of wounding is due to the position and activity of the victim at the time of the accident. Most people are injured while defusing or handling UXO, playing with UXO or weeding in agricultural fields.”⁷

The HI survey noted that the widespread distribution of UXO was an impediment to development, and suggested that as population increased there would be increased pressure on land, and it “will be difficult for development in affected areas and certain sectors of the Lao economy to achieve their full potential.”⁸ The surveyors were unable to place an economic cost on the contamination.

According to UNDP:

“In rural communities, high levels of poverty are often linked to high levels of UXO contamination. The widespread presence of UXO prevents the majority of the country’s farmers from making full use of existing cultivated land and limits expansion of new agricultural activities. Given the country’s rapid population growth of 3.4 per cent per year, UXO contamination both acts as a major constraint to development and contributes to endemic poverty by limiting expansion of agricultural production. Low population density (lowest in Asia) means that in some areas, communities can choose to leave contaminated land alone. However, population growth (highest in Asia) is placing pressure on unused (contaminated) land changing the national accident profile and the impact on development.”⁹

3.2. ***The Establishment of UXO LAO***

UXO LAO was established in 1996 by the decree of the Prime Minister. The years 1996 and 1997 are considered by UXO LAO to have been emergency start-up years, and 1998 was the year in which full expansion was achieved and the program began to consolidate the gains that it had achieved. According the UXO LAO 1998 Annual Report:

“UXO LAO commenced the year with full operations being carried out in four provinces. By the end of the year operations had been firmly established and effective in eight provinces with preparations well underway for full range of operational activities in the ninth province of Khammouane”.

This meant that of the ten most contaminated provinces in Lao PDR, UXO LAO was operating in nine. By the end of 1998, UXO LAO could report that it had accomplished 1,392 village visits, cleared 292 hectares, destroyed 62,875 pieces of UXO, conducted 556 village visits for community awareness, and briefed

⁷ Living with UXO, op cit, page 8.

⁸ Living with UXO, op cit, page 10.

⁹ Extracted from background material included by UNDP in the terms of reference for this mission.

161,456 persons.¹⁰ In 1998, UXO LAO employed over 900 deminers, surveyors, community awareness staff and trainers.

The objectives of UXO LAO are to:

- Reduce the number of civilian UXO casualties (deaths and injuries).
- Increase the amount of land available for food production and other development activities¹¹.

The UXO LAO programme is nationally executed. Operational activities occur in nine of the most heavily contaminated and impacted provinces, covering mine risk reduction education, survey, clearance and training. Until recently, UXO LAO employed 1,100 staff, making it one of the country's largest employers. UXO LAO is responsible for most of the humanitarian¹² mine action in Laos, and is active in 9 of the 15 affected provinces. Elements of UXO LAO are funded through a UNDP - managed Trust Fund, with other contribution being provided bilaterally (i.e. not through UNDP). In some provinces, the work is carried out with the assistance of the international organisations (NGO and commercial) that act as 'implementing partners':

- Mines Advisory Group (UK)
- Handicap International (Belgium)
- Belgian Army
- Gerbera (Germany)
- Norwegian People's Aid
- UNICEF (community awareness programme)

The implementing partners have transferred national staff and have handed over equipment and vehicles to UXO LAO and are expected to withdraw completely over the next few years (although there is as yet no strategic plan for such a withdrawal).

Until earlier this year, UXO LAO deployed 24 demining groups, each consisting of 52 people and each Group being able to divide into different sized teams able to work on three sites simultaneously. The teams carry out both area clearance tasks (where the teams work to clear an entire site of contamination) and roving clearance tasks (where the team responds to reports of isolated UXO being found and clears them). The roving teams normally consist of a team leader, 4-5 deminers and a medic, whereas area clearance tasks can take up to all 35 people in the group. UXO LAO is also deploying survey teams to follow up on the National Survey carried out by Handicap International in 1997, and is actively involved in community awareness programs implemented by UNICEF.

¹⁰ UXO LAO: 1998 Annual Report, Lao National UXO Programme.

¹¹ UXO LAO: Laos National UXO Programme 1999 Work Plan, page 1.

¹² The use of the word 'humanitarian' in this context can be confusing. In terms of UXO LAO activity 'humanitarian' does not include most development sectors and is used to describe 'emergency' clearance of reported UXO and area clearance of agricultural land that is not covered out on a cost-recovery basis. The question of how to define 'humanitarian' UXO clearance will be addressed in more depth in later sections of this report.

3.3. ***UNDP and the UXO LAO Trust Fund***

UNDP agreed a Project Document with the government of Lao PDR in November 1995, giving them a role to assist in the clearance of UXO through the establishment and operation of a trust fund for mine action activities in Lao PDR. Although often referred to as the “UXO LAO Trust Fund” an exact interpretation of the documentation makes it clear that the trust fund could be used to support mine action activities by any approved actors, and its mandate covers community awareness (called ‘Mine Risk Education’ in other country programs) and victim assistance. UNDP have also assisted in the provision of some technical advisors to UXO LAO.

3.4. ***The National Steering Committee***

The establishment of the Lao UXO Trust Fund was mirrored by the establishment of a National Steering Committee to provide Lao PDR government oversight of the national UXO program. The Minister of Labour and Social Welfare is the Chair of the National Steering Committee. Initially, UXO LAO also acted as a secretariat to this committee until 2000, when a new Prime Ministerial Decree relieved the National Director of UXO LAO from his duties as Secretary of the National Steering Committee and gave this duty to a new National Steering Committee Office (NSCO). The decree also gives NSCO responsibility for a wide number of tasks, including coordination and development of fund raising strategies; however the NSCO is not yet fully effective in such a role, not least as a result of a lack of any external funding or technical assistance.

3.5. ***Resource mobilisation***

There is no doubt that UXO LAO has implemented its program of training and clearance activities with remarkable success. A review of the organisation's Annual Reports for the years 1996 to 2001 demonstrate its achievements.

In 1996, the organisation's corporate structure was established as an autonomous financial agency, office facilities and a Steering Committee were set up, a training centre was established, community awareness activities began, a survey of affected provinces was undertaken, and clearance teams began work in four provinces.

The following year five additional target provinces were included in the program, additional staff were recruited and training continued. Resource mobilisation activities were also successful and UXO clearance was raised at the Government/UNDP Round Table Meeting for donors.

Between 1998 and 2000 the program of clearance, awareness and training was extended and economic modelling was undertaken to assess the productive value of cleared land. Most of the targets identified in annual work plans were met,

although problems were noted in recruiting or training maintenance staff and in resource mobilisation.

A number of operations were streamlined in 2000 including centralisation of purchasing and staffing, and changes were made to the National Steering Committee. The financial basis of UXO activities in Lao received relatively little attention in the early years of operation. One of the benefits of using a Trust Fund is that funds can be carried over from one financial year into the next. By contrast, many donors are obliged to return unused funds to their respective government or agency at the end of each financial year and some donors contributed unused humanitarian or emergency funds to the Trust Fund as their financial year closed.

The following table summarises income, expenditure and carryover for the period 1996 to 2001. Limitations of the data are that separate figures for 1996 and 1997 are not available and that one major contribution expected in 1998 was not received until the following financial year.

Table 3.1: Selected financial information on Trust Fund operations¹³						
Ser	Description	Year				
		1996-1997	1998	1999	2000	2001
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Subtotal un-earmarked	2,395,104	1,314,071	1,111,647	1,389,405	1,381,405
2	Subtotal earmarked	1,972,357	1,326,361	3,389,869	74,309	1,355,930
3	Total income	6,487,461	2,640,432	4,625,901	2,076,807	3,373,131
4	National staff		218,797	856,349	1,376,279	1,631,180
5	International staff		296,134	267,164	347,426	398,100
6	Other	2,524,582	4,210,000	1,589,513	1,875,176	2,060,067
7	Total expenditure	2529060	4720898	2713799	3598881	4089348
8	Total Carryover	3958401	1877935	3790037	2267963	1551746

The key feature of the table is that contributions, especially for un-earmarked activities have gradually fallen. By contrast, costs, especially for national salaries have risen steadily over the period. By the end of the period much of the carryover funding was earmarked to projects and was not available for other activities, especially staff salaries. Further financial information is at Annexes A-D.

UXO LAO Annual Reports also record in kind contributions in excess of \$5m each year since 1998. This includes additional support for training, equipment, vehicles and materials, as well as bilateral agreements with implementing partners. These contributions are not placed directly into the Trust Fund, however, up to \$10m per year might be attributed to mine action in Lao PDR. This estimate does not include the activities of private companies that undertake commercial demining for infrastructure and other investment¹⁴.

¹³ Provided by UXO LAO

¹⁴ The low emphasis made on non Trust Fund contributions is understandable in that these contributions are outside the scope of the Trust Fund, but make it harder for contributors to measure all inputs against outputs. It would certainly help if the total contributions were made

The initial UNDP contributions of over \$2 million set a strong financial basis for activities, and work commenced quickly to establish a training facility and field operations.

In 1996 resource mobilisation efforts were successful in raising the necessary funds for operations. Efforts to secure funding in the longer term were rewarded by a number of donors.

In 1997 and 1998 UNDP remained the focal point for resource mobilisation activities. Contributions to the work of UXO LAO were received through the Trust Fund, bilateral contributions, contributions paid directly to implementing partner organisation and private donations. In addition, the Ministry of Foreign Affairs assisted in liaison with donor countries and organisations.

In 1999 initial UNDP start-up funds were fully expended. Concern was raised that, while direct funding from donors for international staff continued, funding for national staff (deminers, trainers, surveyors, etc) and programme running costs was reducing. UXO LAO's forward estimates revealed a gap in future funding from 2000 onwards.

This concern was realised the following year when UXO LAO assumed responsibility for national salaries and operating costs. National personnel previously employed by implementing partners NGOs were gradually transferred to UXO LAO contracts and assets were handed over.

The UXO LAO Annual Report for 2001 reported:

“Securing the necessary funds to make UXO LAO's humanitarian and development work viable continued to be a difficult task in 2001. As a result of the increased expenditure in UXO LAO's financial responsibilities for national salaries and operating costs, and a decrease in donor support to the programme, UXO LAO was only just able to continue full operations in 2001. The increased expenditure of UXO LAO was a direct result of national personnel previously employed and funded by our implementing partners being transferred to UXO LAO contracts as well as some assets and the costs associated with those assets being handed over to the national body (UXO LAO). While implementing partner and direct donor funding to the partners was reduced, as a result of the hand over, a similar increase in contributions to UXO LAO did not occur.

clearer. The recommendations for structural changes discussed later in this report would help rectify this situation.

...In previous years UXO LAO has been able to carry over substantial funds from year to year to be able to provide new funding while the programme continued at full operations”.

Several attempts were made to address this issue as it unfolded. An External Evaluation Mission¹⁵ conducted in 1998 to consider the difficulties to be addressed in moving from the establishment to consolidation phase of the project. Issues identified in the report were presented in four key areas: the need for strategic as well as operational planning, capacity building, the importance of efficient procurement and management and the need to strengthen resource mobilisation efforts.

In 2000, the USA funded a study into sustainable funding mechanisms by BHR¹⁶. The report outlined four options and recommended that an interest-bearing fund be established from donations and grants with a 20-year life to provide \$5 million per year. There are a number of practical implications of this approach and, to date, no attempt has been made to implement the option.

In spite of these efforts resource mobilisation for UXO LAO was not adequate and the organisation proved to be financially unsustainable. In 2002 UXO LAO employed 1,130 staff but by the end of July the number had been cut to 623. Many reasons have been given for this including donor fatigue, competition for humanitarian assistance from widely reported activity in other countries such as Afghanistan, a level of complacency as UXO LAO focussed on operational issues rather than funding and a lack of planning. There is also no doubt that the decision to transfer Lao national staff to UXO LAO, rather than continuing their employment directly through NGOs, was a significant factor. This issue is discussed in more detail later in this report.

There are a number of implications of this financial shortfall. Firstly, training and equipment will be unused and the investment it represents could be lost. Many of the people who have been retrenched are deminers who live in provinces where there are few employment alternatives. In addition to the effect on provincial economies, there is a risk that deminers may be tempted to use their skills to harvest UXO for scrap metal, for the explosive they contain or to sell the casing as souvenirs to tourists. A further complication is that life expectancy in Lao PDR is 54 years and people who witnessed the bombings and can assist with descriptions of the activity are relatively old. Other staff, that have transferable skills, such as translators, secretaries or drivers will take jobs in other organisations.

Annexes to Section 3:

- A. UXO LAO Income, 1996-2001
- B. UXO LAO Expenditure, 1996-2001
- C. Balances Brought Forward, 1996-2001
- D. Summary of Expenditure Breakdown for UXO LAO, 1996-2001

¹⁵ Van Ree, Taylor and Chanthavilay External Evaluation Mission Project Lao/95/012/C/07/99

¹⁶ Business of Adams, Hargett and Riley: Lao PDR Feasibility Study on Reimbursable UXO Clearance

4. The Issues

As stated at the beginning of this report, UXO LAO has made significant progress in addressing the UXO problem in Lao PDR. By focussing on financial sustainability, this report does not fully cover the many positive achievements to date. It is recognised that a significant amount of capacity building has been carried out and teams are clearing bombs throughout 9 provinces without incident on a daily basis.

A wide range of issues and concerns was raised with the evaluation team. The main headings under which the issues could be grouped are as follows:

- Coordination
- Planning
- Gaps in the UXO Program
- Regulatory and implementation roles of UXO LAO
- Trust Fund Management and the role of UNDP
- Transparency and accountability
- Importance of the UXO issue within Government of Lao policy
- Reluctance or inability of donors to provide funds for national salaries
- Public Relations and Resource Mobilisation

4.1 *Coordination*

Many donors expressed concern about a perceived lack of coordination of UXO activity in Lao PDR. In addition to UXO LAO, there are a number of commercial projects and the Lao army who are involved in demining activity. The early focus of UXO LAO was on training and demining and less attention was given to the coordination role defined in its charter, although some high quality coordination tools have been developed, such as the database.

There is also confusion about which agency leads UXO clearance activity in Lao PDR. Some donors liaise with UXO LAO but also note that the Steering Committee Secretariat has approached donors directly. Many donors would like to see more structured coordination without setting up a large bureaucratic structure.

4.2 *Planning*

All donors expressed concern that the disposal of UXO in Lao PDR appears to be an open ended activity and that there has been no real attempt to define the level of resources needed to control or remove the problem. UXO LAO produces annual reports giving figures for the numbers of hectares cleared, number and types of UXO destroyed, number of villages visited by awareness teams and the number of beneficiaries in each village. Donors recognise, however, that these numbers only tell part of the story. No two sites are the same and it is difficult to determine from the figures whether demining in Lao

PDR is a cost effective exercise. Other issues also compete for development assistance. One example often cited is that there are far more people killed in road accidents in Lao than by UXO and some donors have reallocated resources to improving roads and raising traffic safety awareness. This approach overlooks the economic benefit of cleared land for food production in a country where it is estimated that over half the population suffers from episodic or chronic malnutrition. Although some work has been undertaken to estimate the economic and social cost of contamination these benefits are not widely reported.

Estimates of the time it might take to clear UXO in Lao have ranged up to 1300 years whereas donors carefully plan their activities for between one and five years in advance. No donor is prepared to fund an open-ended commitment.

The process of clearing UXO is time consuming and cannot be rushed, however, it is not possible or necessary to clear every piece of UXO in the country. The development of a strategic plan, identifying areas of land that have economic potential, offers a direction forward.

Development assistance requires a structured approach. A strategic plan, with estimates of the project's scope including time and resources required to bring the problem under control, and a framework of socio-economic milestones and outputs, would provide a focal point for donor support.

Funding for development assistance is usually allocated after consideration of priorities across all sectors and in consultation with the Lao Government. Donors need several years of lead time to plan and are likely to support a strategic plan that has been endorsed by the Government at the highest level.

The planning process could also justify increased external funding for a clearly defined time period.

4.3 Gaps in the UXO program

A number of gaps in UXO activity were also raised that could be addressed in a plan:

- Some contaminated provinces still do not have demining projects.
- The socio-economic benefits of demining have could be more clearly identified and measured. There is an opportunity cost of unproductive land and a high social and economic cost in supporting victims.
- *No single agency appears to be responsible for collating and disseminating information on the number of UXO related accidents although some data is collected by Consortium as part of its awareness campaign.*

- Commercial deminers are not required to provide data on areas they have cleared to update the national database.
- Community awareness programs target some villagers and schools, but no agency is directly targeting information towards people who defuse bombs for scrap (usually adult males).

4.4 *Regulatory and Implementation roles of UXO LAO*

Demining activities in Lao PDR are self regulated and it is possible that different standards are being used by agencies outside the UXO framework. Most donors agree that the same standards should apply to all operations, regardless of which agency undertook the work and whether the activity was for humanitarian, development or commercial outcomes¹⁷.

One issue that was raised by stakeholders is that UXO LAO operations could be more efficient and devote more time and resources to improved coordination. For example, the current centralised decision making process delays expenditure being approved, even where that expenditure is specifically agreed and budgeted for within individual project MOU.

4.5 *Trust Fund Management and the Role of UNDP*

UNDP oversees use of the Trust Fund and some donors would like the agency to take a stronger role in donor coordination.

Some concern was expressed that UNDP administrative processes and contract requirements are slow, although the situation has improved in recent years. The time taken for administrative processes has not met the financial and reporting requirements of some donors.

The Trust Fund tracks funds as either earmarked or unearmarked contributions. Earmarked funds are provided with an identified purpose (normally as required by the donor) while unearmarked funds are used to support other community awareness and demining activities. Some donors have chosen to work bilaterally to gain more visibility for and to ensure closer responsibility for a project. Bilateral agreements also allow donors to work through NGOs registered in their own countries. Bilateral funding is not fully reported in existing UXO LAO reporting documentation, which can make it difficult to assess the full expenditure on UXO projects in Lao PDR. There is no recording of development projects funded through the Asian Development Bank, for example, even though this is a significant amount when compared to money put through the UNDP Trust Fund.

¹⁷ The establishment of an independent agency with professionally trained individuals to monitor activity and ensure that national standards are developed and met would provide quality assurance to donors and engender community support. This idea is developed later in the report.

There also appears to be duplication in the duties of the Trust Fund Manager at UNDP and the international advisers responsible for financial and project administration who work within the UXO LAO organisation. One example is that there are two sets of financial records for managing the Trust Fund, one managed by UXO LAO and the other by UNDP.

UNDP has recognised these concerns and is prepared to take an enhanced role, for example by assisting with policy development, resource mobilisation, advocacy and donor coordination. It is also in the process of reviewing staff duties to ensure that positions compliment and do not duplicate others and that funds are managed in a timely and efficient manner. It would also be possible to accommodate concerns about visibility and use of national NGOs using earmarked funds. Furthermore, if there was a more developed planning process there should actually be little requirement for 'unearmarked' funds.

4.6 *Transparency and accountability*

Another limitation of the current Trust Fund management structure is that it only tracks cash through invoices. While this invoice system appears to be working well, there is, at present, apparently no way to directly connect cash in with inventory control or procurement. This has significant implications to observation of transparency and accountability. It is recommended that an accrual based accounting system be implemented to address these limitations and to provide more accurate and transparent reporting.

There is a need to reform this aspect of the program, not least to prevent the program from being vulnerable to possible accusations of impropriety in the future. The recommendations for planning and options for organisational change set out later in this report would provide solutions to this problem.

Recommendation: that an accrual based accounting system be introduced.

4.7 *Importance of the UXO issue within Government of Lao policy*

Given the high level of UXO contamination in Lao PDR, and its links to poverty, some donors expressed concern that the government does not appear to rate clearance as one of its highest priorities.

This view is supported by the fact that the government is not a signatory to the Ottawa Treaty, that UXO issues have attracted relatively little attention in the government's most important planning forum, the Round Table Process, that the UXO LAO organisation reports through the Ministry of Labour and Social Welfare which is regarded as a junior portfolio, and that there is no visible coordination or policy unit. Donors raised concern that the Steering Committee does not meet regularly and appears not to have much direct ownership of UXO clearance activities in Lao PDR.

However, the Government is considering the Ottawa Treaty. Although there are no plans to accede to the Treaty in the near future, Lao PDR is not believed to be a producer or exporter of antipersonnel mines.¹⁸ More could be done to emphasise these positive points. In addition, there is an opportunity to place UXO on the agenda at future Round Table meetings.

The Lao Government is addressing many challenges in its efforts to raise Lao from the list of Least Developed Countries by 2020. For example, it is developing infrastructure, improving agricultural practices, building schools, training teachers and developing curricula, providing health services and addressing many other priorities. The government is obliged to make decisions about how it uses its scarce resources and is unable to contribute directly to UXO clearance at this time. It estimates its in-kind contribution to UXO LAO at \$200,000 per year.

It appears that the implications of administrative changes to UXO LAO introduced in 2000 were not thoroughly assessed. In addition to taking on management responsibility for staffing and logistics, the representation on the Steering Committee was upgraded to Ministerial, rather than Vice Ministerial leadership. One consequence of the change has been that, although the profile of the Committee was raised, it has met less frequently as new Steering Committee members from more senior government ranks have even more demands on their time than the previous membership.

There appears to be a consensus from both donors and government that coordination and planning can be constructively addressed and this is discussed in a later section of this report.

Two other significant issues are associated with Lao government involvement in the UXO program. First, demining activities often involve foreign nationals, many with military training. These advisers may carry explosives in vehicles around provincial areas. Quite reasonably the government must be satisfied that appropriate security, safety standards and awareness are being met. The second issue is that UXO LAO personnel are employed under a different contract arrangement to government officials and receive higher salaries. This has created tension between UXO LAO and other government agencies.

4.8 *Reluctance or inability of donors to provide funds for national salaries*

As discussed in Section 3, donor funds did not automatically follow the transfer of Lao staff from NGOs to UXO LAO and centralisation of operations in 2000.

There are a number of reasons for this. Some donors have explicit policies that recurrent recipient government costs should not be met by development assistance funds. Although some exceptions have been made for Lao PDR,

¹⁸ International Campaign to Ban Land Mines *Landmine Monitor Report* 2000.

most aid is conditional on the recipient government meeting the costs of staff salaries.

Prior to changes in administrative arrangements whereby staff contracts were transferred from NGOs to UXO LAO, deminers were paid \$150 per month. As a result of the change, and in recognition that government salaries are considerably lower than those received by deminers, the salary was reduced to \$115. Approximately sixty staff left the project, a mix of field and office staff.

The transfer appeared desirable to streamline procedures and maximise cost efficiency in purchasing. Many donors also supported the change as a step towards institutionalisation. Concern was raised, however, that payment of salaries would be unsustainable for the Lao Government.

4.9 *Public Relations and Resource Mobilisation*

Funding for humanitarian purposes is never guaranteed, even for well-formulated proposals. The situation in Laos has attracted very little attention recently, whereas other countries, such as Afghanistan, have drawn considerable media attention.

A number of suggestions were made to improve fundraising efforts. These are set out in more detail in a later section.

5. UXO Contamination: Defining the problem

5.1 *Recognising the limits of aid*

Two million tons of bombs spread over millions of hectares. One estimate shared with the team was that it would take 1300 years to search every square metre of potentially contaminated ground. It is clear that UXO LAO is not going to maintain donor interest for such a long period of time!

On the other hand, people in Europe are still killed by explosives left over from the First World War, so it is entirely likely that the UXO contamination in Lao PDR will continue to pose a threat for the next century. Nevertheless, it is still unlikely that donors could commit to a program of such a length.

As discussed in the 'issues' section of this report, the lack of a comprehensive strategic plan is a major concern of donors. Furthermore, feedback from stakeholders indicates that, to be effective and comprehensive the plan must cover all elements of mine action, not just clearance.

There is therefore a need to prioritise clearance activity so that the key areas of need can be addressed in the 'window' of funding that is available from donors¹⁹. This suggests that there will need to be a sustainable capacity that will deal with the UXO problem after donor funds have ceased flowing.

In turn, this logic suggests that there needs to be three phases:

- A short-term plan to reconfigure current structures to produce a 'best fit' for meeting the requirements of a strategic plan
- A 'surge' capacity to deal with priority land in the medium term, supported by international funding
- Nationally funded operation, without any international assistance, of a capacity to deal with UXO contamination in the long term

Some of the key points that could be covered in each of these phases are set out below. These are not absolutes; they are a basis for discussion that can assist stakeholders to determine an agreed strategic approach. Note that, for the purposes of defining a strategic approach to the overall problem, it is useful to identify the long-term goals first. This provides the basis for developing a 'train and equip' program that will be necessary to put in place the capacity necessary to achieve the long-term goals.

¹⁹ There are precedents for not clearing every bomb and mine. For example, in the Falkland Islands, minefields containing approximately 35,000 antipersonnel mines were left in clearly fenced and marked areas, because they contaminate land of no socio-economic value, pose no threat to the local population and would be too hazardous and too expensive to clear. The mine action program in the Falklands was thus limited to cover community awareness, minefield marking and provision of roving teams to deal with UXO found outside marked areas.

5.2 ***Long-term planning: designing a sustainable capacity***

This section concentrates on what should be left behind after international assistance ceases. Of course, many of the elements necessary to create a sustainable UXO capacity already exist in UXO LAO, and subsequent development work should concentrate on filling the gaps.

5.2.1 **UXO Clearance**

A sustainable UXO clearance capacity to operate in the long term could be designed around the following parameters:

- The focus of developing a sustainable capacity could be based on the current primary objective of UXO LAO, i.e. to reduce the risk of death or injury from UXO. To this end, this could involve deployment of roving teams in each province where there is a problem with UXO contamination to deal with reported UXO. While there should be a presence in each contaminated province the size of the presence (i.e. the number of teams) should be proportionate to the size and impact of the problem. A list of factors that could be taken into account in the weighting process include:
 - The size of the province (which has impact on travelling time)
 - The geographical extent of the UXO problem (which has impact on the likelihood of problems arising)
 - The size of the population (which also has an impact on the likelihood of problems arising)
- The number of teams could be also based on the number necessary to meet a minimum performance target, for example, a requirement to meet a maximum allowable delay between the UXO being reported and being dealt with. A province could be given sufficient teams to meet a planned response time of 7 days, based on historical data about numbers of UXO reported per month.
- The distribution of teams, and their efficiency of operation, could also be continually monitored and re-evaluated against:
 - The number of casualties reported every year
 - The number of tasks that each team is able to carry out each month
- One other key criterion in designing a sustainable UXO clearance capacity is the fact that this will, in all likelihood, be based on a program that is entirely nationally funded and executed.

5.2.2 Community Awareness

The community Awareness concept developed by the Ministry of Education in collaboration with UNICEF appears to be working well and seems to have the potential for true sustainability.

- Ideally, the same approach as currently used by the UNICEF funded project to reach children (i.e. using existing organisations to deliver the message, reinforced by use of mass media) should be extended to cover **all** elements of the population at risk.
- The community awareness message should include instructions on how items of UXO that are discovered should be reported, and to which organisation they should be reported.
- There should continue to be coordination of UXO clearance and community awareness programs
- There should continue to be technical advice on UXO issues available in order to ensure that the messages given out by the community awareness projects remain correct.

5.2.3 UXO Database/Archive

The role of the UXO database will continue to be important. Indeed, as time progresses, its role as an archive will gain importance. Development projects will need the ability to determine whether an area has been cleared and to what depth the clearance was undertaken.

It is important that **all** UXO clearance is recorded in the database. Currently there is no requirement that commercial demining data is recorded although this has occurred on a voluntary basis to some extent.

5.2.4 UXO Reporting Mechanism

The development of a responsive UXO clearance program will also depend on the availability of a structure to receive reports of UXO and pass them on to the clearance teams. This could be something that could be developed using existing local resources, such as the local police.

5.2.5 Training Needs Analysis

As part of the planning process, a training needs analysis should be undertaken to ensure that the training development requirement is taken account of in the plan. The long-term sustainable program will need to ensure that it can train its own staff in all necessary skills. Additionally, the long-term plan should also address what

should be done for UXO LAO staff laid off at the end of the midterm surge activity. This could include a retraining program.

5.3 ***Medium term planning: clearing priority land***

As has already been identified above, international donor assistance is unlikely to be available to clear all the land contaminated by UXO in Lao PDR. Therefore, in the short term, attention should be focussed on three main targets:

- Developing the roving teams with a view to their being able to meet long term goals
- Clearing priority land for development
- Developing the other attributes of a sustainable UXO program

The development of the roving teams, and the other attributes of a sustainable program, have already been covered in detail above. This section focuses in more detail on possible ways to determine strategic priorities for area clearance.

5.3.1 **Determining the extent of the response**

Given that there is so much contaminated land to clear and so little resources available to undertake clearance, it is imperative that realistic limits are set on the UXO clearance program. As one of the priority tasks of UXO LAO is to clear land for agricultural development, this has been used as the basis for some broad, approximate calculations of the requirement.

One very useful tool for this is the planning document produced with the assistance of JICA and published in October 2001²⁰. The report is based on Government of Lao planning targets to raise Lao PDR out of the group of least developed nations by 2020 and sets out the requirement to develop priority areas within the 2.1 million hectares of potential agricultural and forestry land within this time frame. Therefore, there is a case to be made for developing a strategic plan for UXO area clearance that supports this rural development plan. The JICA report provides further potential guidance, as the report compares the target land for agricultural development with UXO contamination data drawn from the UXO LAO database. One of the maps produced in the JICA reports, showing impact of UXO contamination on potential lowland rice cultivation is a useful example and is included for ease of reference at Annex A. This comparison reveals that of these 2.1 million hectares of potential target land for rural development, only some 24,000 hectares is potentially contaminated. We can therefore present a range of options for designing a clearance program. These are set out below.

²⁰ JICA Master Plan Study on Integrated Agricultural Development in Lao PDR dated Oct 2001 (AFR JR 01 42). We understand that the JICA report has already been adopted for use on an informal basis as the development 'Master Plan'.

- **Scenario One: Restore to 2001 staffing levels**

24,000 hectares is still a great deal of land to be cleared, but as recent performance statistics of the UXO LAO program reveal, with an average clearance rate of around 700 hectares per year at 2001 staffing levels, the program could clear all of the potentially contaminated land that is targeted for rural development in just under 33 years if current funding targets were met. An extract of the report, showing the maps used, is included below.

JICA Estimates of Priority Areas			
Ser	Priority	Size (Ha)	Remarks
(a)	(b)	(c)	(d)
1	High Risk ²¹	630	630 ha appears less than one year's work at 2001 figures, though this could depend on the nature of the ground to be cleared.
2	Medium Risk	3,260	
3	Low Risk	19,790	
4	Total	23,680	

- **Scenario Two: A ten-year target**

Clearing all the target land in 33 years would still not meet the Government of Lao development target of 2020. In broad terms, if the size of the program could be increased to around 3 times its 2001 size, it could clear the priority target areas in around 10 years. This would be compatible with the 2020 target for development. A 10-year clearance program is also compatible with the requirements of the Ottawa Treaty. See the outline works plan below.

- **Scenario Three: Current staffing**

A third option would be to design a program based on current staffing levels. Although there is not yet much data about the effect the staffing reduction has had on clearance rates, one can assume, for the purposes of forecasting, that halving the staff has halved the clearance rate. If this were true, this clearance rate would allow all of the target land set out in the JICA report to be cleared in some 70 years²². This may also be too long a period to expect continued international support; however, as the JICA report does divide the potentially contaminated land into high medium and low priorities, so it may be possible to set a strategic target that is based on clearing the higher priority areas whilst continuing to deploy roving clearance teams that deal with the most important task of reducing risk.

Ideally, the program should be funded to achieve the 10-year target. Although this appears the most expensive, perhaps, as it would probably cost more or less the same to employ 3000 people for 10 years as it does to employ 1000 people for 30

²¹ The 'risk' is based on advice from the UXO LAO database and is, apparently, a function of how near the agricultural land to the nearest contaminated area. The use of risk as one criterion for deciding priority of agricultural clearance would tally with the overall priority role of the program, which is to reduce casualties.

²² This figure is based on the broad assumption that the clearance rate is halved if the staffing levels are halved. However, if this lower staff level is maintained it may be appropriate to reduce the amount of effort expended on area clearance in order to provide more support to the first priority targets: deployment of roving teams to respond to reported UXO that represent the greatest threat to public safety.

years, there is little actual saving to be made by stretching out the program, especially as equipment (another major program cost) would have to be replaced several times over the longer period. It should therefore be possible to compare the short cost of loading the program 'up front' over a 10-year period against the opportunity cost of clearing the land more slowly. The longer it takes to clear the land targeted for rural development, the longer it will be before that land can be productive. However, there also appear to be a number of ways by which the program could be more productive through increased cost effectiveness. Some ideas for improving cost effectiveness are included at Annex B.

These scenarios are subject to a number of assumptions. It is assumed that the rate of clearance achieved in by UXO LAO is representative of the national problem. If the extent and type of contamination varies output will vary accordingly. Other factors can potentially affect clearance: it is reasonable to assume that the rate will increase as deminers gain more experience or if new techniques become available. As mentioned above, these scenarios are based on current techniques that do not take account of potential for increasing cost effectiveness (see Annex B). Furthermore, all activity should be subject to regular review to ensure that targets are met or modified if necessary.

Recommendation: That a program be developed to clear priority agricultural areas in a ten year timeframe (Scenario 2)

5.3.2 Other development targets

Agricultural development targets are listed in the UXO LAO program documentation as being the second priority task (casualty reduction being the first priority), and the JICA report provides a means for estimating how big a task this might be. However, it is not suggested that only agricultural tasks are carried out by UXO LAO. There may be other tasks that are necessary, either in support of rural development (such as clearing land for irrigation schemes) or in support of the overall economic development of Lao PDR. In the past, many such tasks have not been a priority of UXO LAO, for a number of reasons (these are covered in more detail in the 'issues' section of this report). In principle, there should be no reason why the program cannot carry out a task that is in support of an economic development project and is, as such, deemed necessary by the relevant competent authority. It should be balanced against the opportunity cost of clearing agricultural land. In other words, other development projects²³ could be supported where their net benefit can be demonstrated as being greater than the benefit generated by employing the same clearance resources on agricultural land.

There is a separate, though related issue, which is to determine the appropriate means of paying for such project-based work. In principle, it may be possible to

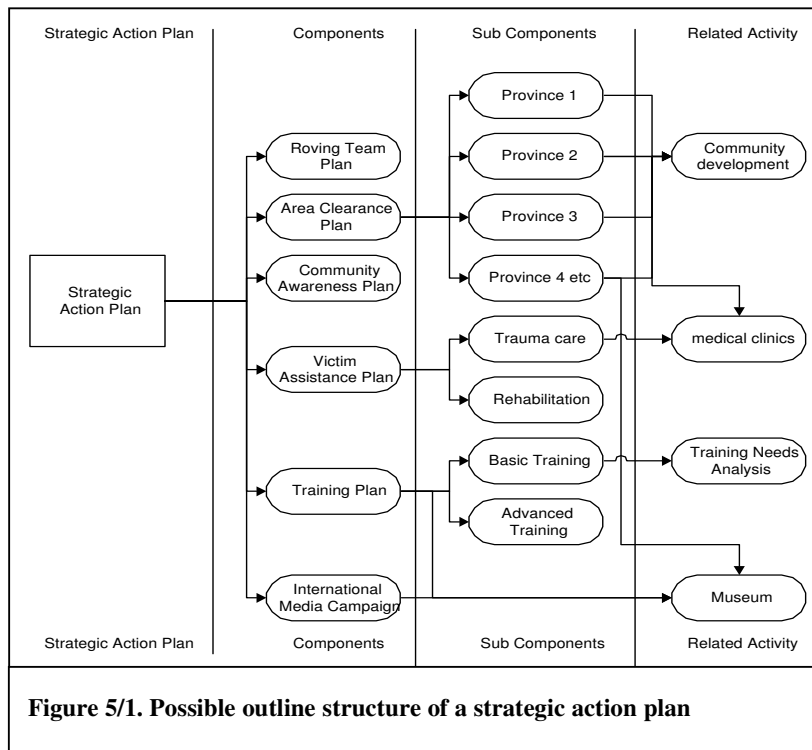
²³ There is a need for the program to develop clearer guidelines on what constitutes a development project. For example, we understand that telecommunications projects would not count as development projects because telecommunications projects are themselves profit generating. Potential users of demining assets to support such projects should be directed towards commercial mine action service providers. On the other hand, work supporting infrastructure projects may be a valid use of humanitarian mine action resources.

allocate resources to support non-agricultural projects on a cost recovery basis. The concept of cost recovery is addressed in a later section of this report.

5.3.3 Developing a strategic action plan

Once the broad length of the program has been decided, and once the nature of tasks that are eligible for inclusion is determined, it should be possible to develop a strategic action plan.

The plan should include a number of components that, together, make up the strategic response. For example, the strategic plan could be broken up



into a number of component areas such as roving clearance, area clearance and community awareness. The main components could then be divided up by province (or by other subcomponent divisions) and then divided again into a number of discrete projects that could then be planned in detail. This subdivision process is represented in the diagram at Figure 5/1 above. The development of discrete projects also allows the identification of related activities that, whilst not mine action per se, are projects that would connect with the activities of the program, such as the development of a museum that would help educate visitors to Lao PDR on the subject of UXO contamination and clearance, or the development of clinics as an 'added value' service provided by the site medics²⁴.

The diagram at Figure 5.1 represents a simplified version; there could be many other projects that could be included. For example, one such project could be "the design and implementation of community based community awareness program in province X intended to target adult males involved in the illegal recovery of scrap metal and explosives from UXO". Another such project might be "the training, equipping and operating of roving clearance teams in one of the provinces that has not has yet had any UXO clearance support." Dividing the strategic plan into

²⁴ The question of using site medics to provide external medical services is addressed in slightly more detail in Annex B.

discrete projects may have benefits in terms of resource mobilisation, which is discussed in a later section of this report.

There is also a need to add a timescale to program activity. The works plan that follows is an outline of the major activities that could be undertaken in a 10-year action plan. As explained above, all of these major activities would in turn have a large number of subsidiary tasks that take place within them. .

The use of a surge capacity means that extra teams would be brought on line at the beginning of the medium term, trained and equipped, and then operated with international supervision for a short while. Once the teams were effective they could then operate with reduced international monitoring until the end of the medium term planning process. This reduction could form the basis for planning an exit strategy for international assistance.

Recommendation: Develop a Strategic Plan to achieve a ten-year target (this is further discussed in Section 7 of this report).

5.3.4 Prioritisation

As identified above, there are not enough resources to tackle all the contamination in Lao PDR in the foreseeable future. Therefore the program should take steps to develop the methodology to determine priorities for the annual works plan, so that the most important areas are cleared first. Furthermore, the prioritisation process should be transparent; this will have the added benefit of allowing donors to match inputs to outputs and thus help build donor and community confidence. At the moment, the lack of clear prioritisation criteria leaves the program potentially open to criticism about which land is being cleared. Some notes on possible criteria for objective prioritisation are set out in Annex C.

The options for developing an organisational structure for implementation are discussed in more detail in the following section.

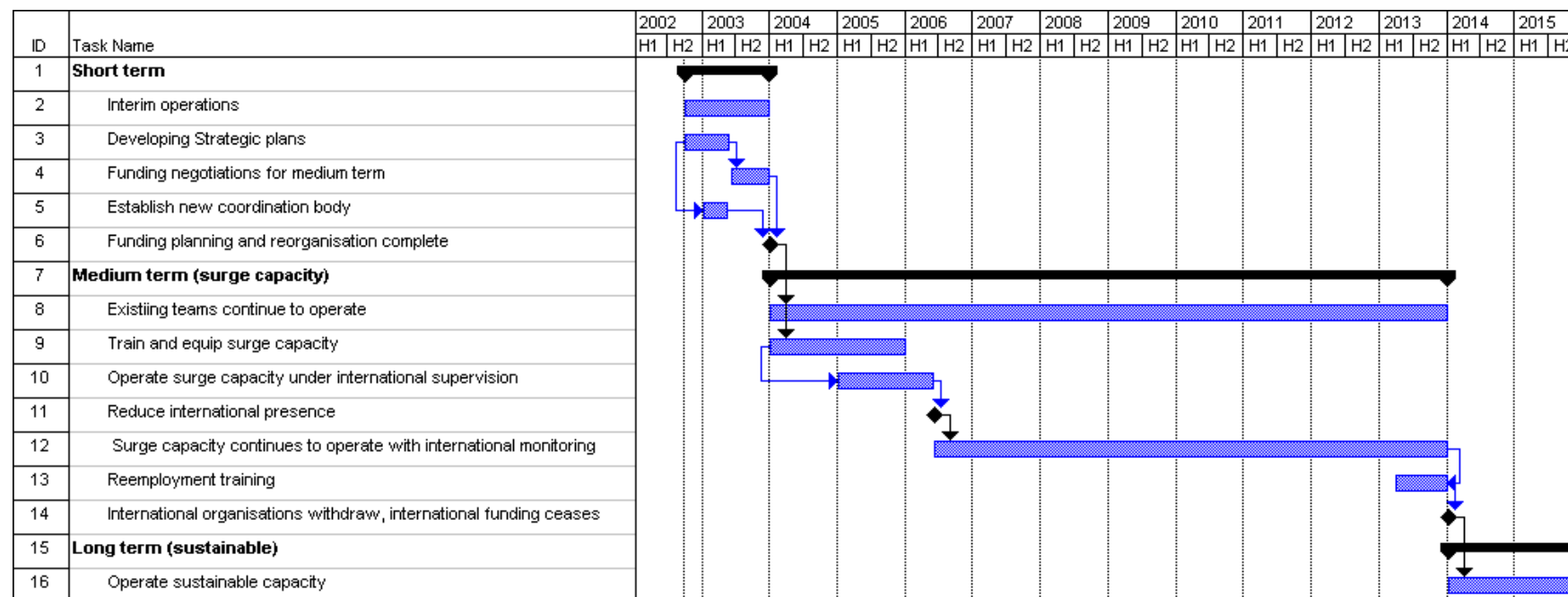


Figure 5/2. Outline Strategic Works Plan for Scenario 2

Figure 5/2 shows the outline strategic works plan for Scenario 2 (a 10 year program) as presented above. The key points to note are that the expatriate involvement could be reduced once the surge capacity is fully trained, and that all operations after 2014 would be fully staffed and funded by Lao PDR resources.



Figure 5/3. Outline staffing/funding profile for planning scenarios

This graph shows the staffing/funding profile for the three planning scenarios presented above. For outline planning purposes, it is assumed at this stage that the funding levels would correlate with the numbers of staff hired, though as noted in this document there are several technical or procedural innovations that may achieve the same clearance targets with less staff. Cost effectiveness issues are considered below at Annex B.

5.4 ***Short-term planning: recovery from crisis***

It will take a while to make the detailed plans needed to put some flesh on the bones of the outlines set out here. Initial estimates are around 4-5 months to develop the plan, with time needed after that to mobilise resources. It is estimated that the ten-year plan discussed above could be implemented around the beginning of 2004.

In the meantime, there will be need for a short-term plan for activity by the program while the long-term plans are being developed. This should set out the requirement necessary to protect the current assets of the program and the investment that has already been made in equipment and training. UNDP reports that there is funding to maintain current levels of staff till the end of the third quarter of 2003. However, if the project is to be funded to the levels necessary to clear the major development targets described above it will be particularly important to re-recruit as many of the laid off staff as possible, as soon as possible, in order to prevent de-skilling of this element of the workforce. With a good plan with good targets, improved organisational structure and improved resource mobilisation the program should be able to meet its funding targets

Annexes to Section 5:

- A. JICA Planning Map: UXO Contamination and Potential Lowland Rice
- B. Maximising Cost Effectiveness
- C. Identifying Priorities

6. Ideas for organisational change

This section includes notes on

- Separating coordination from implementation
- Notes on the possible role for UNDP
- Options for new structures
- Notes on the proposed new structure for implementing organisations

6.1 *Identifying parameters*

The previous sections have set out the issues facing the Lao UXO clearance program, and lay out some ideas for defining the strategic targets at which the program should aim. There remain two major questions:

- What is the best organisational structure to meet these targets?
- What are the options for funding a successful program?

The team has identified a number of options that may serve as a basis for discussion. These options are set out in this section of the report. Options for funding are addressed in the following section (Section 7).

In considering options, the team has considered the likelihood that each structure can address the issues identified earlier, especially:

- Improving transparency and donor confidence
- Improving efficiency in processes and reducing procedural blockages
- Improving coordination and communication

6.1.1 **Coordination and implementation issues**

All of the options considered by the team shared one common theme, which is the need to separate the functions of planning, regulation and coordination from implementation. The main reasons for this are to place more importance on the need for coordination and that regulatory functions of government should be independent. However, it is important to stress that the process of dividing coordinator from implementer is unlikely to be sufficient, by itself, to meet all donor concerns, as many donors have made it clear to the team that they would rather fund implementer organisations directly and/or they cannot fund UXO LAO staff directly as long as they are considered to be government personnel. This

separation of coordinator from implementer is a necessary initial stage to further structural change.

Recommendation: that the planning, coordination and regulatory functions of UXO LAO be administratively separate from implementation.

In making these changes it will be important to resolve the confusion over the overlapping coordination roles undertaken by/mandated to UXO LAO and the National Steering Committee Office (NSCO). It is proposed that the coordination body encompass many functions currently undertaken by UXO LAO and also the secretariat function. This would accord with Prime Minister's Decree No 75 by maintaining the steering committee secretariat function within a coordinating agency. In principle, people should be reallocated along with their function. For example the team who currently manage the database would move to the coordinating body where the database would reside.

More detail on developing coordination is set out in more detail at Annex A, whilst the two options for implementation structures are covered in Annexes B and C.

6.1.2 Reaffirming Lao leadership

At first glance some of these ideas it may appear that it is being suggested that the existing 'implementing partners' are being given control over the program. This is simply not so. In fact, the ideas are intended to reinforce and reaffirm Lao leadership by focussing on the development of strategic capacity in management, planning and coordinating. The development of clear guidelines for the involvement of the existing implementing partners (and indeed any new mine action service providers) should help set the parameters for appropriate decentralisation in line with the current policy of the Government of Lao.

Some ideas for ensuring the primacy of Lao managerial involvement are set out in more detail below at Annex D.

6.1.3 Donor relationships and UNDP role

For the purposes of clarity, donor contractual relationships with implementers and/or UNDP and the Lao UXO Trust Fund are not shown in the diagrams below. The following points cover the potential for the development of the role and activities of UNDP:

- UNDP should continue to assist in resource mobilisation for the program.
- UNDP could develop the role that it has with the Lao UXO Trust Fund to ensure that it is monitoring all stages of the program on behalf of donors. This should involve all elements of quality management in order to build donor confidence in the management of their donations.

- UNDP could assist with the provision of high-level technical advice and program support to the new coordination body. One key position that requires further technical assistance is the Finance Manager. If current funding arrangements through Norwegian People's Aid lapse, UNDP should consider funding this position.
- UNDP can assist the Government of Lao with taking the message about the contamination problem and the clearance program to the international community. UNDP could assist in the production of a briefing package that could be used in UN Headquarters and by Lao PDR embassies worldwide. UNDP could also assist in arranging field visits for donor representatives.

A possible logical framework for UNDP activity is included at Annex E.

Annexes to Section 6:

- A. Developing more effective coordination
- B. Option One - Decentralised Implementation
- C. Option Two - decentralised implementation with centralised service support
- D. Developing partnerships in service provision
- E. UNDP assistance to UXO coordination body in Lao PDR: Logical Framework

7. Towards sustainable funding

There are several steps that could be undertaken to improve the programs success in resource mobilisation. These include:

- Making use of a strategic action plan
- Seeking other funding sources
- Cost recovery
- Development related project design
- Loans

These are each discussed below.

7.1 *Making use of a strategic action plan*

In the absence of a single donor willing to provide funding for the entire range of projects necessary to complete clearance of priority areas in a ten year time period, it is proposed that a strategic action plan be formulated to break the task of implementation into smaller elements that could be funded and managed as separate activities. This is essentially an extension of the current approach where different NGOs work in different provinces and other agencies have clearly identified roles in community awareness and training.

A planned approach is needed to attract international support, ensure community confidence, set priorities in descending order and develop a participatory approach to securing government financial support.

The major change is that the coordinating agency takes a strategic and proactive role in defining projects and seeking funds. There are many countries seeking support for mine clearance and Lao must define its priorities and make them available to appropriate donors. The aim should be a strategic ten-year plan for coordinated UXO clearance activity in Lao PDR.

A graphical representation of a possible structure for a strategic action plan is set out above at Figure 5/1 in Section 5. The diagram shows how the action plan can be divided into a number of different sized projects ranging from UXO clearance and roving teams to media awareness, education and training and other options currently not considered in the context of UXO projects. Each unit can then be developed into short proposals for presentation to donors. These could include a description of the project, identification of benefits to local communities as well as the donor agency, and a brief costing. Proposals should also provide information on various funding mechanisms including use of the UNDP Trust Fund, or the option of working directly with an NGO.

The output of this part of the process would be a selection of projects, with varying aims, tasks and costs. Donors have different interests and priorities,

some view UXO clearance as a humanitarian issue, whilst others would be more likely to link their support with development outcomes. Donors also have different budgets; different time horizons for projects and some can offer differing in-kind support. Some donors may have expertise in training, others in community awareness and others in demining activities. The short proposals are intended to match opportunities with donor agencies. This is a significant change from the current approach to soliciting donor support and will require more effort. There is a risk that it is very labour intensive for the Coordination Agency and adequate resources will be needed to ensure that the process is equitable. Nevertheless, this approach allows each project to be developed within the constraints of the donor agency, and, once donor interest is established, proposals can be finalised by, or in consultation with, sponsors.

7.2 *Seeking other funding sources*

The plan will also provide a basis for approaching funding agencies not currently supporting activities in Lao PDR. These include the embassies that fund development projects in Lao PDR but have not funded UXO clearance, other UN mine action programs such as 'Adopt a Minefield' and private foundations. In short, the program should be more proactive in its research of potential donors.

7.3 *Cost recovery*

A further element of the project is to further develop cost recovery in mine action. Although the possibility of UXO LAO undertaking cost recovery activities has been raised on many occasions, the agency has not taken its focus away from its narrow focus on humanitarian functions. Cost recovery offers an opportunity to maintain staffing levels, to raise funds for other clearance activity and to meet broader community and development objectives. UXO LAO has been approached to undertake paid work in the past, an indication that there is a willingness to employ UXO LAO and provide funding for the organisation to diversify its activities. It could be entirely possible that area clearance work could be carried out in support of funded agricultural development projects. Indeed, as area clearance is expensive and slow it is vital to ensure that any land cleared is going to be put to use immediately. One way to do that is to ensure that the development of that land is already funded; by extension, if the proper cost benefit analysis of the whole project (demining **and** development) has been done it should be possible to include the cost of area clearance as a line item on the cost of the development project. This would also engage other actors, i.e. the development agencies, as fund mobilisers for the clearance.

If the use of cost recovery could be developed extensively (and again this depends on the development of a strategic action plan) then it would be possible to use funds mobilised for more general, 'emergency' projects to

support casualty reduction, i.e. the roving teams and community awareness projects.

One current constraint that UXO LAO is not permitted to use any of the resources provided to it for humanitarian purposes to be used for commercial outcomes. However, an extension of current financial management practices to accrual accounting would allow the full cost of each activity to be assessed²⁵.

There are two related issues to resolve:

- The first is to determine what is actually meant by 'humanitarian' mine action. At the moment, essential development tasks for communities, such as infrastructure, are not normally undertaken by UXO LAO teams. This could mean that a village can have its land cleared but can not get water to that land because UXO LAO cannot support the clearance of an irrigation project. Many development agencies have already addressed this issue. For example, in the Balkans the World Bank supported most infrastructure projects but did not support telecommunications projects because the high rate of return on investment meant that the project would attract commercial investment and so bank development loans were unnecessary. A similar approach could be taken with area clearance in Lao PDR. In other words, infrastructure that is going to benefit Lao PDR as a whole but is not making a commercial profit (such as road construction) could be undertaken by an arm of the program providing the necessary accrual accounting procedures were in place.
- The second is to determine how to incorporate wholly commercial projects into the program. It may be possible for an element of the program to be set aside for commercial work (providing they were not using resources intended for humanitarian activity) on profit making projects such as telecommunications or mineral extraction. This could easily be done by contract²⁶; licensing requirements could ensure the commercial projects would bear the full cost of the mine action carried out on their behalf. Furthermore, the surplus generated by the commercial arm would then be put into the Trust Fund.

²⁵ A further benefit of accrual accounting is that all activities are fully costed and should ensure that all operations are cost effective. One example is that, under current administrative arrangements UXO LAO implementation activities are managed at a provincial level and roving teams do not cross provincial borders. If a UXO is reported to be within close proximity to a roving team, that team cannot respond to a request to cross provincial boundaries. By contrast, if activities were fully costed reciprocal arrangements could be made for emergency clearance tasks.

²⁶ Commercial clearance work does not have to be done by an existing part of the program. Clearance contracts can be let by open, competitive tendering amongst commercial demining contractors and the customer can pay a licence fee as part of the clearance contract that would then be passed on by the contractor to the coordinating body. As part of the licensing process the coordinating body can assist the customer with project design and even provide independent quality assurance on a cost recovery basis.

There is a lot of work to be done to set up a transparent and cost effective cost recovery program; this does not mean that it cannot be done, and the high volume of funding currently going into infrastructure projects could contribute greatly to reducing the overall costs of the humanitarian elements of the UXO clearance program.

7.4 *Development related project design*

Many suggestions have been made to link UXO clearance with development outcomes including provision of bonded training in electronics and vehicle maintenance, training team medics to provide basic health clinics in a nearby village or, in the case of Xieng Khouang, the establishment of a UXO Museum to boost the local economy from tourists who currently visit the Plain of Jars. Training in agricultural techniques could also maximise benefits from cleared land. These would have the benefit of being able to attract funds for elements of the program from new sources (bonded training in electronics could help the maintenance of the program's equipment, for example). Such projects would also have the additional benefit of raising the profile of the program.

7.5 *Loans*

The final possible funding source to be considered is the possibility of structural loans provided by the World Bank or Asian Development Bank. This could be particularly interesting to the government towards the end of the proposed 10 year concentrated clearance program set out in this report, as a means for funding the sustainable element of the program once donations cease.

There is an impact to Lao PDR on adding to its existing debt profile. However, the cost of the UXO program even at today's cost is small compared to some of the major infrastructure loans already in place. Furthermore, a more detailed cost benefit analysis of the opportunity cost of uncleared land could make a good case for such a loan. It is recommended that a structural loan for clearance be considered as part of the strategic planning process.

8. Conclusions

As reported above, the UXO program in Lao PDR has been very successful in establishing and developing the technical capacity to deal with UXO contamination. However, the current program still faces a funding crisis and, although the changing situation in other parts of the world means that some funding is going elsewhere, there are still significant funds that would be available to the program in Lao if only a number of issues could be resolved.

The issues are reported at length in the body of this report, but can be summarised as being concerns about:

- Planning and prioritisation
- Lao Government support
- Organisational structure²⁷

Some donors have made it very clear that fundamental reforms need to be made if funding is to be made available. The report has made a number of recommendations for approaches that could address these issues and therefore could help allow sufficient funds to flow to allow the program to function effectively. This mission has attempted to clarify the current situation on behalf of the stakeholders and prepare the ground for the donors and the Government of Lao to agree on the most suitable way forwards.

However, one main conclusion that can be drawn from these findings is that there is a need to take a strategic approach to addressing the issues. There appears to be no simple fix, nor any one or two small procedural adjustments that can be made to ‘tweak’ the status quo arrangements. On the other hand, it is also worth pointing out that there is no technical reason why any of these changes cannot be made. There is a lot of expertise available in the UXO LAO program and UNDP have already undertaken to help provide additional expertise if it is required.

In particular, it is worth stressing that any strategy that is adopted must focus on the impact that the program is having on the wider development of Lao PDR rather than on the narrow measurements of performance indicators such as numbers of bombs disposed of or even hectares of land cleared. Given the huge distribution of contamination and the limited resources at hand, even in the most generous funding environment, it will be vital to establish a robust and transparent prioritisation mechanism that optimises socio-economic benefits and cost effectiveness.

²⁷ In particular the requirement that Lao national staff are employed by UXO LAO which is viewed by donors as a government agency

Annex A to Section 3: UXO LAO Income, 1996-2001

Annex A to Section 9 of the ERM Income, 1996-2001

Ser	Contributor	Year								Total			
		1996-1997		1998		1999		2000				2001	
		Contribution (US\$)											
(a)	(b)	(c)		(d)		(e)		(f)		(g)		(i)	
Un-earmarked													
1	Australia	470,595		198,675								669,270	
2	Canada					135,762		100,833		95,074		331,669	
3	Finland	290,135						290,957				581,092	
4	Japan					242,924						242,924	
5	Luxembourg			34,747		220,000		250,000		250,000		754,747	
6	Netherlands	300,000		500,000				471,220		500,000		1,771,220	
7	New Zealand	303,758				20,000				103,500		427,258	
8	Norway	933,952		398,406		380,228		276,395		279,230		2,268,211	
9	South Korea											-	
10	Interest	96,664		182,243		112,733				153,601		545,241	
11	Subtotal un-earmarked	2,395,104		1,314,071		1,111,647		1,389,405		1,381,405		7,591,632	

Earmarked										
12	Denmark			2,739,833		396,224	3,136,057			
13	Denmark	400,000					400,000			
14	USA		100,000	360,000		882,000	1,342,000			
15	Sweden	394,176					394,176			
16	USA		750,000				750,000			
17	Belgium		394,737				394,737			
18	New Zealand	132,506	81,624	70,036	74,309	77,706	436,181			
19	United Kingdom	138,020					138,020			
20	Australia	369,173					369,173			
21	Luxembourg			220,000			220,000			
22	Canada	182,482					182,482			
23	Japan						-			
24	Norway	356,000					356,000			
25	Subtotal earmarked	1,972,357	1,326,361	3,389,869	74,309	1,355,930	8,118,826			
26	Total Income through the Lao PDR UXO Trust Fund						15,710,458			

Other contributions										
Ser	Contributor	Year						Total		
		1996-1997	1998	1999	2000	2001				
		Contribution (US\$)								
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)			
27	UNDP	400,000							400,000	
28	UNDP	1,720,000							1,720,000	
29	UNICEF				224,048	267,272			491,320	
30	Miscellaneous			124,385	389,045	368,524			881,954	
31	Subtotal other	2,120,000	-	124,385	613,093	635,796			3,493,274	
32	Total Other Income									3,493,274
33	Total by year	6,487,461	2,640,432	4,625,901	2,076,807	3,373,131			19,203,732	

Annex B to Section 3: UXO LAO Expenditure, 1996-2001

Annex D to Section of GAO LRS Expenditure, 1996-2001

Ser	Contributor	Year								Total			
		1996-1997		1998		1999		2000				2001	
		Contribution (US\$)											
(a)	(b)	(c)		(d)		(e)		(f)		(g)		(i)	
Un-earmarked expenditure													
1	Australia	200,000		218,714		221,999		28,567				669,270	
2	Canada							236,595		95,074		331,669	
3	Finland			84,135		20,000				290,957		581,092	
4	Japan							242,924				242,924	
5	Luxembourg			34,747		37,257		432,743		250,000		754,747	
6	Netherlands	200,000		100,000		30,500		259,552		532,712		1,452,764	
7	New Zealand	138,816		1,292		108,805		74,845		103,500		427,258	
8	Norway	210,584		871,774		459,346		447,277		279,230		2,268,211	
9	South Korea												
10	Interest							351,043		318,528		669,571	
11	Subtotal un-earmarked	749,400		1,310, 652		1,393,907		2,073,546		1,870,001		7,397,506	

12	Denmark		1,190,831	424,443	921,080	586,582	3,122,936
13	Denmark			400,000			400,000
14	USA		100,000			787,471	887,471
15	Sweden	394,176					394,176
16	USA				51,500	92,172	143,672
17	Belgium	211,818	182,919				394,737
18	New Zealand	71,248	87,305	73,219	74,375	70,081	376,228
19	United Kingdom	138,020					138,020
20	Australia		250,107	119,066			369,173
21	Luxembourg			140,798	79,202		220,000
22	Canada	39,416	123,038	20,028			182,482
23	Japan						-
24	Norway		301,000	55,000			356,000
25	Subtotal earmarked	854,678	2,235,200	1,232,554	1,126,157	1,536,306	6,984,895
26	Total Expenditure from the Lao PDR UXO Trust Fund						14,382,401

Other expenditure								
Ser	Contributor	Year						Total
		1996-1997	1998	1999	2000	2001		
		Contribution (US\$)						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	
27	UNDP Adm. Chg.	46,721	103,277	76,499	93,195	99,213	418,905	
28	UNDP	400,000					400,000	
29	UNDP	524,982	1,175,046	12,649	7,323		1,720,000	
30	UNICEF			74,689	197,082	235,076	506,847	
31	Miscellaneous				194,773	447,965	642,738	
32	Subtotal other	924,982	1,175,046	87,338	399,178	683,041	3,269,585	
33	Total Other Expenditure							3,269,585
34	Total by year	2,529,060	4,720,898	2,713,799	3,598,881	4,089,348	17,651,986	

Annex C to Section 3: Balances Brought Forward, 1996-2001

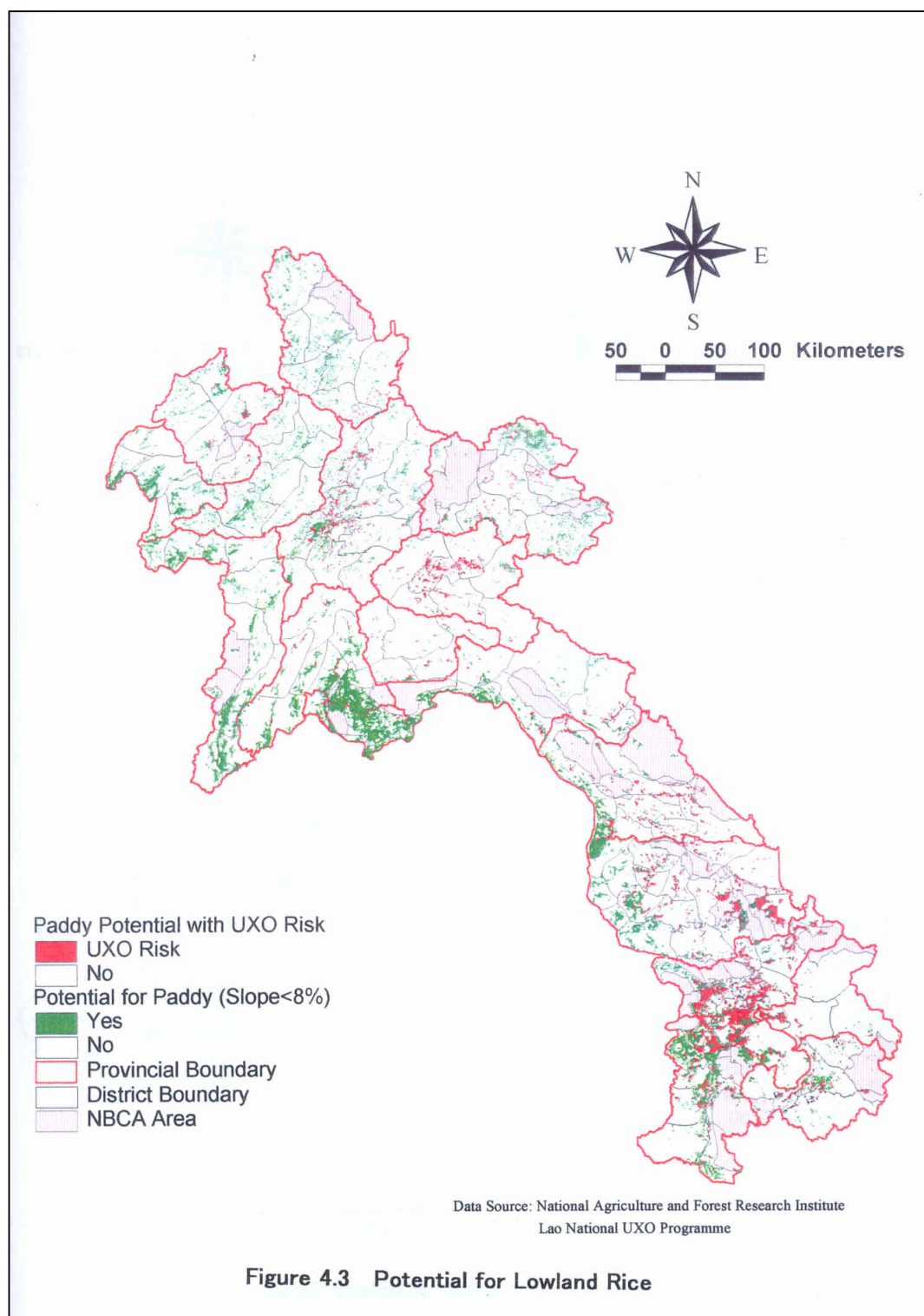
Ser	Contributor	Year									Total		
		1996-1997	1998		1999		2000		2001				
		Contribution (US\$)											
(a)	(b)	(c)	(d)		(e)		(f)		(g)		(i)		
Carry over from Un-earmarked funds													
1	Australia	270,595	250,566		28,567		-		-				
2	Canada	-	-		135,762		-		-				
3	Finland	290,135	206,000		-		290,957		-				
4	Japan	-	-		242,924		-		-				
5	Luxembourg	-	-		182,743		-		-				
6	Netherlands	100,000	500,000		139,500		351,168		318,456				
7	New Zealand	164,942	163,650		74,845		-		-				
8	Norway	723,368	250,000		170,882		-		-				
9	South Korea												
10	Interest	96,664	278,907		391,640		40,597		(124,330)				
11	Subtotal un-earmarked		1,645,704		1,649,123		1,366,863		682,722		194,126		
Carry over from earmarked funds													
12	Denmark	-	(1,190,831)		1,124,559		203,479		13,121				
13	Denmark	400,000	400,000		-		-		-				
14	USA	-	-		-		-		-				
15	Sweden		750,000		1,110,000		1,058,500		1,060,857				
16	USA	(211,818)	-		-		-		-				
17	Belgium	61,258	55,577		52,394		52,328		59,953				
18	New Zealand	-	-		-		-		-				
19	United Kingdom	369,173	119,066		-		-		-				
20	Australia	-	-		79,202		-		-				
21	Luxembourg	143,066	20,028		-		-		-				
22	Canada												
23	Japan	356,000	55,000		-		-		-				
24	Norway												
25	Subtotal earmarked		1,117,679		208,840		2,366,155		1,314,307				1,133,931

Carry over from other contributions							
Ser	Contributor	Year					Total
		1996-1997	1998	1999	2000	2001	
		Contribution (US\$)					
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)
26	UNDP	-	-	-	-	-	
27	UNDP	1,195,018	19,972	7,323	-	-	
28	UNICEF	-	-	(74,689)	(47,723)	(15,527)	
29	Miscellaneous	-	-	124,385	318,657	239,216	
30	Subtotal other	1,195,018	19,972	57,019	270,934	223,689	
31	Total by year	3,958,401	1,877,935	3,790,037	2,267,963	1,551,746	

Annex D to Section 3: Summary of Expenditure Breakdown for UXO LAO, 1996-2001

Ser	Expenditure	Year									
		1996-1997		1998		1999		2000		2001	
		National	Intl.	National	Intl.	National	Intl.	National	Intl.	National	Intl.
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Personnel Cost			218,797	296,134	856,349	267,164	1,376,279	347,426	1,631,180	398,100
2	Income Tax					164,596		261,259		336,061	
3	Operating Cost			3,492,695		231,972		371,271		587,134	
4	Supplies					118,863		312,797		270,036	
5	Equipment			611,785		51,985		84,254		95,117	
7	Unspecified	2,477,862									
8	Implementing Partners					945,598		700,000		250,831	
9	Special Projects							52,400		421,675	
10	UN Support	46,720		105,520		76,499		93,195		99,213	
11	Total		2,524,582		4,724,931		2,713,026		3,598,881		4,089,347

Annex A to Section 5: JICA Planning Map²⁸: UXO Contamination and Potential Lowland Rice



²⁸ This map is Figure 4.3 in Part One of the JICA Report

Annex B Section 5: Maximising cost effectiveness

Although the above scenarios set out the general implications of funding levels on clearance rates, it is not suggested that the program should merely be funded to work in a 'business as usual' manner. There are a number of technical and procedural innovations that could be considered as means to increase cost effectiveness. These are set out below.

- An objective evaluation of available brush cutting machinery that could help release deminers from cutting vegetation and maximise the time available for actual clearance.
- An objective evaluation of the potential to use villagers to clear vegetation on clearance tasks instead of using deminers²⁹. If successful, this could be used in conjunction with brush cutting machinery.
- A trial of some of the techniques already being considered in Xieng Khouang Province to use villagers to assist with the less technical elements of the search process. With the right training and procedures it may be possible to greatly increase the rate of clearance by having UXO LAO deminers each supervising a number of civilian searchers.
- A trial of dogs as a means for searching for UXO contamination which may be able to speed up clearance rates, particularly in areas of high metal contamination where mine detectors react to false alarms.
- There may be other areas that could improve cost effectiveness on a smaller scale that, incrementally, could contribute significant savings. For example:
 - Greater use of shaped charge demolition techniques could help the teams reduce the amount of explosive used on each bomb.
 - It is recommended that the program consider amalgamating the role of survey teams and roving teams and reorganise them into 3-person EOD teams with a team leader, team member and driver/medic³⁰. The amalgamation of the survey and roving team would save the extra journeys (and hence delay) between survey and clearance of spot tasks.

²⁹ Discussion with WFP suggests that it may also be possible to provide incentives for the involvement of villagers in the project as an extension of the WFP 'Food for Work' project in that is already under way in Lao PDR.

³⁰ The team leader could determine whether any reported task was suitable for them (i.e. was a 'spot' task) or whether it needed systematic area clearance. Once this analysis was complete, the team leader, who would be a more qualified EOD technician, could then deal with the spot task with the assistance of the team member. The driver would not need to be EOD qualified but should be a qualified medic able to give assistance in the event of a UXO accident.

- There should be a re-evaluation of the team structure to address the number of people that are left 'standing idle' during clearance tasks. This is particularly important in times of reduced funding and reduced staffing. This re-evaluation should be able to identify those people who are required for emergency reasons, such as the medics. Additionally, it may highlight the potential for redeploying the additional drivers and team leaders.
- A related question of cost effectiveness would be to see if it was possible to develop the role of the site medics so that they could provide medical clinic services to the surrounding villages whilst working at the locations. This would add more value to the local area and also ensure that the medics did not get 'out of practice' in the (thankfully) long periods between UXO accidents.

If it was possible to introduce a culture of innovation it may be possible to identify and trial other such ideas throughout the life of the program and work on means to increase cost effectiveness.

Annex C Section 5: Identifying priorities

Within the overall framework of a strategic plan there is a need to develop prioritisation criteria to assist in the preparation of the annual works plan. This is important in the case of the UXO LAO program to develop donor confidence. In particular, there appears to be too much clearance carried out 'outside the plan' Which implies that the planning process is not very effective.

How then should this be addressed? Perhaps the first point to make here is that, in principle, UXO clearance agencies are not best qualified to determine priorities; this should be agreed by the development agencies and communities that the demining is intended to support, with appropriate technical advice from the demining agencies. Given the fact that UXO clearance assets are a scarce resource, it is vital that the agencies that coordinate development plans, have a prime role in determining the priority for clearance. Of course, there is also a very important role for the Provinces in prioritisation, and this becomes even more important given the Government of Lao policy of decentralisation. One way to achieve balance between the centre and the periphery in such issues is for the central government to establish clear planning criteria on which prioritisation by the provincial authorities can be based. Such criteria also provide a base for identifying performance indicators against which the program can be assessed. This also provides greater transparency, allows inputs to be measured against outputs and helps build donor confidence in the program.

Weighting mechanisms can be used to determine the appropriate distribution of roving and clearance teams between Provinces in an equitable manner. It may also be appropriate, in the case of area clearance teams, to consider the relative economic potential of each province.

A second level of prioritisation can be based on socio-economic criteria, such as:

- The number of people that will benefit from the task
- The economic benefit that will accrue to the community
- The cost of the clearance

As a third level of prioritisation, it may be useful to take into account whether or not the development project that is planned to follow the clearance is actually funded.

Once such criteria are established and endorsed by the appropriate central authorities, provincial authorities, managers of the UXO program and donors can use them to ensure that the most deserving tasks are selected. Furthermore, post clearance follow-up monitoring activity can be undertaken to ensure that the land is actually being used for the stated purpose.

The cost benefit analyses that have already been carried out on the work of the UXO LAO program may also provide more detailed guidance on the development of transparent and effective prioritisation criteria.

Annex A Section 6: Developing more effective coordination

It is recommended that the 'coordination' body should take on all of the following functions³¹:

- Advice on UXO Policy for the Government of Lao PDR, including provision of secretariat function to top level government representatives in the national steering committee³²
- Regulating implementers, including development of M OU (in cooperation with relevant donor representatives) and licensing arrangements
- Setting technical standards for all mine action activities in Lao PDR
- Development of strategic plans (such as the 10 year action plan recommended in the previous section of this report) and annual works plans, including coordination of resource mobilisation
- Provision of prioritisation guidelines to provincial authorities
- Coordination of all Mine Action activity in Lao PDR, including:
 - All demining, including emergency response and demining in support of development and all commercial demining
 - Community awareness
 - Victim assistance
- Quality management, quality assurance and quality control, including audit, monitoring and accident investigation functions
- Preparation and dissemination of public information material at a national level
- Management of national UXO database

Funds will be needed to ensure that the coordinating body is able to fulfil its duties. These could be raised through direct support from a donor, through a small levy on the value of each project or through a license fee. Further input from donors and the Government of Lao will be needed to agree on an appropriate mechanism.

³¹ This concept assumes that appropriate decision-making powers will be delegated to the coordination body and to the implementing organisations.

³² This concept assumes that higher-level decision-making will be extended to involve existing cross sector coordination bodies such as the CPC and to provide donors with a means to be represented

Annex B Section 6: Option One - Decentralised Implementation

The first structural option is based on the development of a small coordination body that is fully staffed and supported as described above presiding over a number of decentralised implementing partners.

Implementation

In this option, implementers would report to the coordination organisation while also taking on full responsibility for management of their own projects, within the terms of reference of their MOU, including:

- Assisting with fundraising/resource mobilisation for their projects
- Developing a works plan within their strategic targets, including preparation of a comprehensive exit strategy for international involvement
- Managing their own project finance
- Recruiting and paying for their own staff and training them to meet standards³³
- Providing and maintaining their own equipment

This option builds on the successful steps taken to standardise key practices, such as technical operating procedures, salary levels and national planning. It also decentralises the program in line with Government of Lao policy whilst also recognising donor preferences. It is also a project that remains firmly under Lao management³⁴.

Advantages

This option has the advantages of

- Clear separation of responsibilities between regulator and implementer
- Being the structure that is most responsive to donor preferences, particularly in terms of transparency, cost effectiveness and efficiency.

Disadvantages

This option would require considerable change.

³³ There are some sub-options that can be considered in regards to training. For example, it may be possible that the training can be brought in from a specialised service provider. This is also considered in the options considered below.

Option One

decentralised implementation

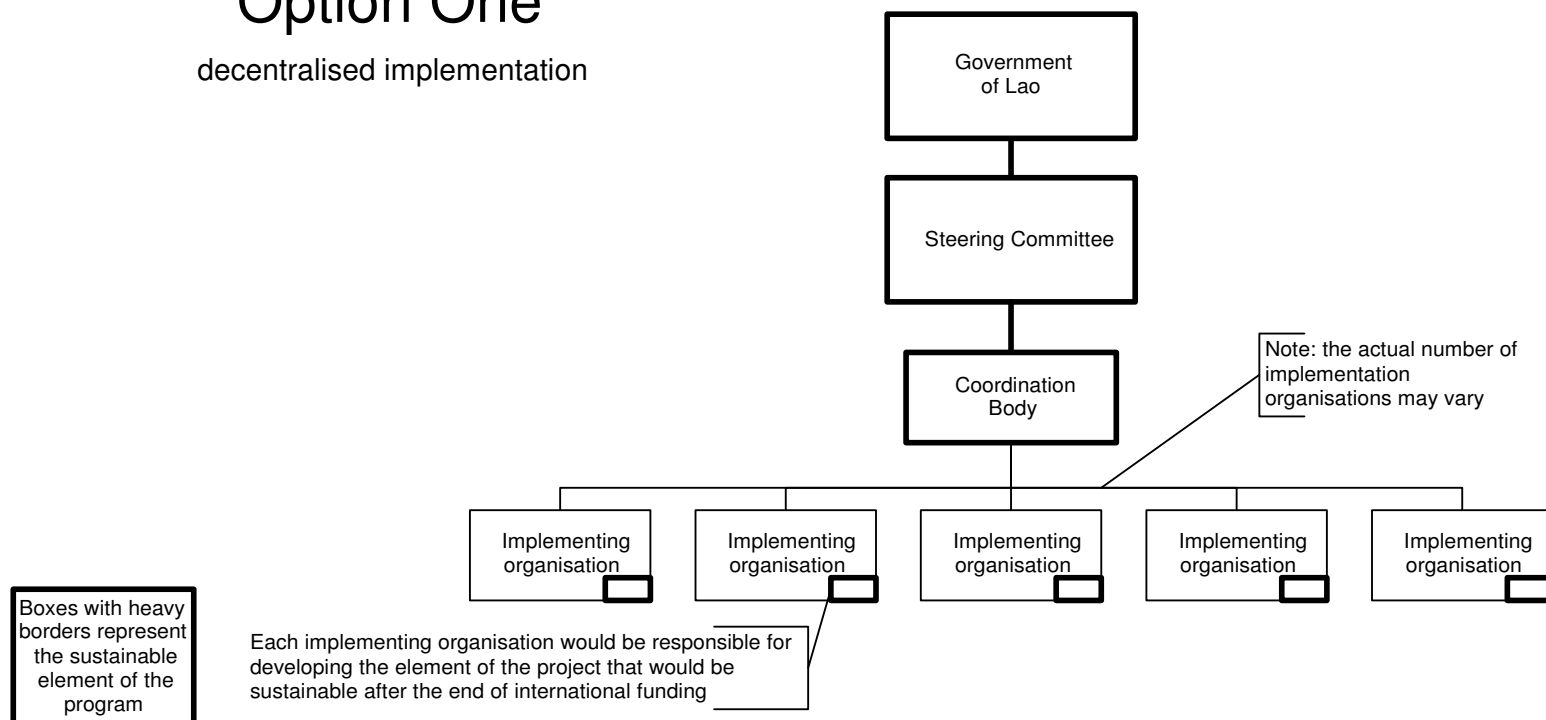


Figure 6/1. Outline organisation chart for Option One

Annex C Section 6: Option Two - decentralised implementation with centralised service support

This option has separate, decentralised implementing organisations for mine actions services, with a central organisation providing support services including recruiting, training and equipment.

Advantages

- This option has many of the advantages of Option One, in that includes the same separation of responsibilities between regulator/coordinator and implementers.
- It has a *potential* additional advantage in that it provides a central body for the provision of support services, which *could* provide greater economies of scale than having each implementer provide these services separately

Disadvantages

- It is not yet proven that centralised service provision would actually be more cost-effective.
- Implementers using central services would still be responsible for meeting standards, so may feel it necessary to introduce parallel structures in order to ensure that they can meet contractual obligations.
- It might be difficult to design the service provider to ensure that services were provided in such a way as to meet donor preferences, especially if staff were still considered as government employees.
- It would not meet the requirements of many donors unless there is an opportunity for NGOs to recruit staff directly

Recommendation: that Option One be adopted as the model for implementation arrangements

Option One is recommended as it has the greatest potential to attract donor funds and realise the ten-year plan. If option 1 is not possible to implement, consideration should be given to the second option, noting that progress will be severely limited unless there is flexibility for donors and NGOs to recruit staff directly.

Option Two

decentralised implementation with centralised service support

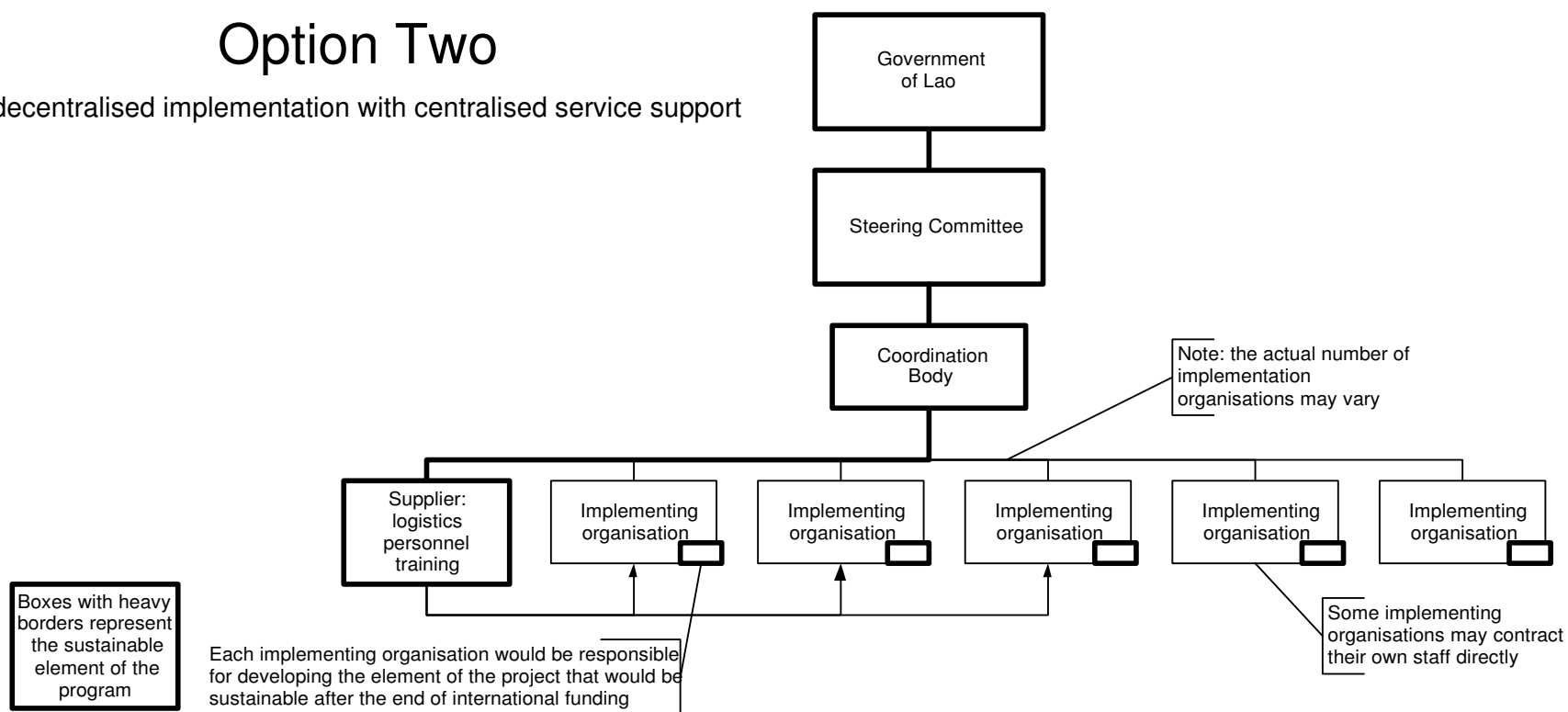


Figure 6/2. Outline organisation chart for Option Two

Annex D Section 6: Developing partnerships in service provision

As stated above, it seems necessary to separate the functions of planning, regulation and coordination from those of implementing identifying options for structural change in the UXO sector in Lao PDR.

For an implementing organisation to be effective in such a system it will need to have sufficient ability to gather the resources to meet its targets. This requires some autonomy (over centralisation of decision making in the current UXO structure was a recurrent theme among many stakeholders) but this does not necessarily mean total independence. Indeed, both of the options set out above rely on the provision of strategic guidance from the coordination body.

Similarly, because in the past within UXO LAO the term ‘implementing partners’ refers to foreign organisations (predominantly NGOs) it is easy to assume that these options refer to ‘foreign’ implementation. Again, this is not necessarily the case.

The diagram below at Figure 6/3 outlines the essential partnership approach that is recommended.

In this structure, the first step is the establishment of a relationship between a prospective donor and the Government of Lao, represented in this case by the Coordination Body. UNDP could be a valuable broker in this process. Between them they establish the modality by which the donor could support the program; for example, the donor can select a project or an element of the program from the strategic action plan that fits in with the donor’s own funding strategies.

The second step is for the donor and the coordination body to select an international NGO (or indeed a commercial service provider) to assist in the implementation of the selected project³⁵. The NGO has a contract with the donor (perhaps via the UNDP Trust Fund) that provides an essential risk management strategy for the donor, as the NGO is then contractually obliged to meet the objectives of the contract. However, there is also a second element of control on the NGO, which is the MOU or licence issued to the NGO by the Coordination Body that sets out the relationship of the NGO to the Coordinating Body in terms of prioritisation of work, reporting and quality standards. There is a third requirement which is for the Coordination Body to undertake to provide whichever support and guidance is necessary for the NGO to undertake and complete its mission. Again, there is a valuable role for UNDP to play to help ensure that the terms of the MOU are compatible with the terms of the Contract.

³⁵ As an aside here, there is no reason why the selection of implementing NGO/service provider cannot be done competitively. The use of a contracting process will ensure that all necessary standards can still be met and it may mean increased cost effectiveness for the program as a whole. At the very least it is compatible with the notion of increased transparency throughout the program. It is also felt that the principle of having a number of different NGO/service providers is valuable and every effort should be undertaken to ensure that a monopoly situation does not develop. Furthermore, there is no technical reason why other potential service providers outside the existing group of NGO/service providers cannot be included in the selection process.

Once the NGO/service provider has its contract and MOU, it can then work with the Coordination Body to select a Project Manager who is a Lao national. This process is important as it helps ensure that this approach adds to genuine capacity building in terms of project management. The NGO/service provider can then work together on a collaborative process to select the individuals who are to provide the technical assistance to the project³⁶.

Once the project management team are established, they can then themselves work on building the rest of the project unit structure.

This approach provides a balance between securing donor interest in terms of financial accountability and transparency and developing strategic project management capacity amongst the Lao nationals working on the project. This is vital, not only to meet the valid Government of Lao concerns that the UXO program must not pose a threat to security, but to ensure that, at a point where the overall exit strategy for international involvement means that the project is entirely in Lao hands, the implementing units have the capacity to run themselves.

³⁶ The number of technical advisors and type of technical assistance they provide can vary with the nature of the project and the stage the project reaches on its lifecycle. For example, it is reasonable to expect more technical assistance at a training stage, with a greatly reduced level once the training is complete and only monitoring is required.

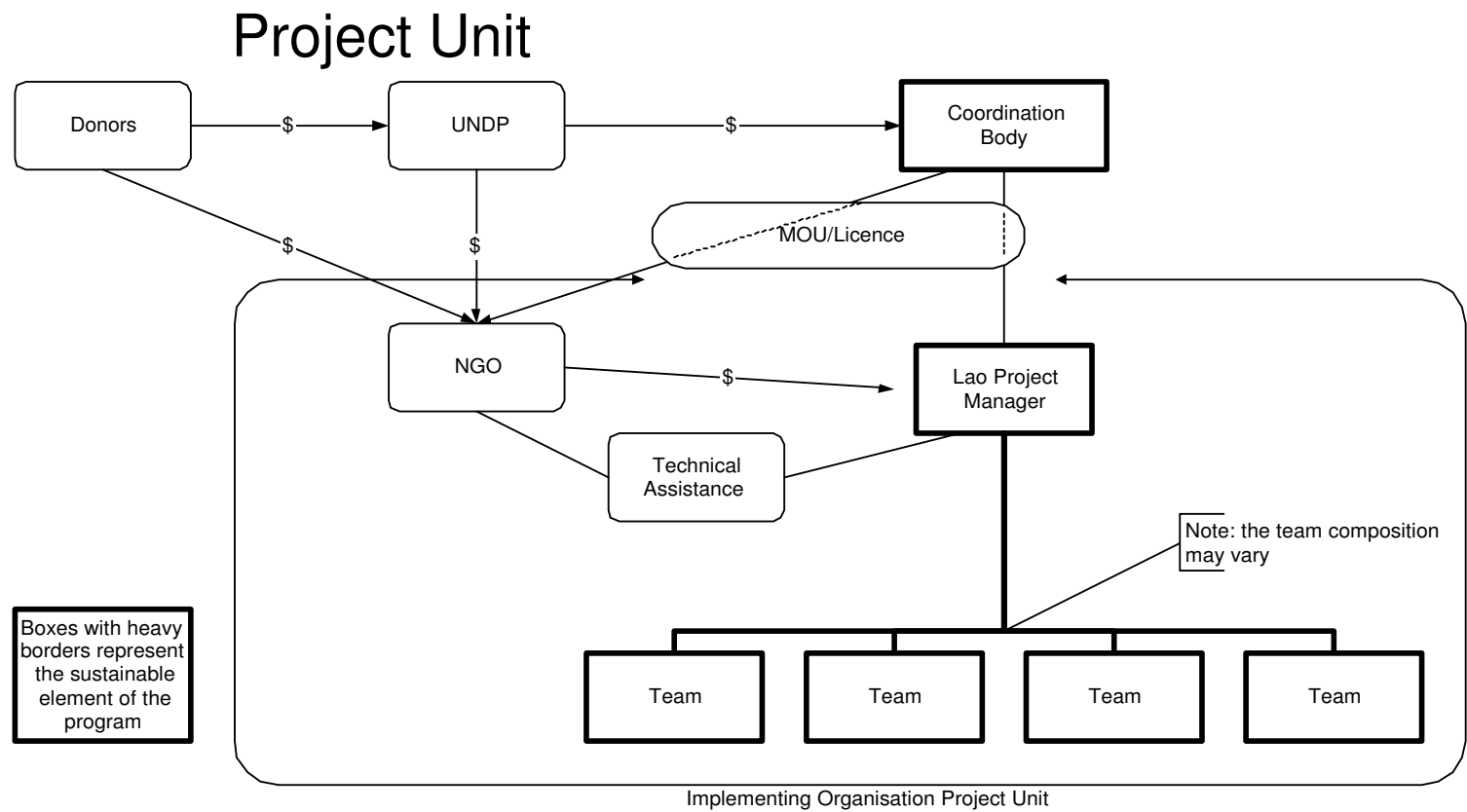


Figure 6/3. Outline organisation chart for implementing organisation structure

UNDP assistance to UXO coordination body in Lao PDR: Logical Framework				
	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objective	Reduce the impact of UXO contamination in Lao PDR by: (1) Reducing casualties (2) Clearing land for development	<ul style="list-style-type: none"> Socio economic impact reduced Casualty numbers reduced Priority land cleared and being used 	Development organisation reports	Restructuring concepts for UXO Program accepted and adopted
Project Purpose	To provide strategic assistance to the UXO coordination body in Lao PDR	<ul style="list-style-type: none"> Assistance provided Coordination body functional 	Internal quality processes	
Intermediate Results	Inception plan for coordination body developed	<ul style="list-style-type: none"> Inception plan circulated 	Annual progress reports	UNDP project proposal accepted by Government of Lao
	Coordination body established	<ul style="list-style-type: none"> Government of Lao authorisation 		
	Strategic action plan developed	<ul style="list-style-type: none"> Plan circulated 		
Activities	Provision of strategic advice to Government of Lao	<ul style="list-style-type: none"> Advice provided 	External validation	UNDP project proposal accepted by donors and funding made available
	Provision of technical assistance to coordinating body on regulatory functions	<ul style="list-style-type: none"> Technical assistance provided Regulatory framework developed 	International Mine Action Standards	
	Assistance with the development of technical standards	<ul style="list-style-type: none"> Assistance provided Technical standards produced 	ISO 9000	
	Assistance with the development of strategic action plans and prioritisation mechanisms	<ul style="list-style-type: none"> Assistance provided Strategic action plan produced Objective and transparent prioritisation mechanism in place 	UNDP Guidelines on Management of Trust Funds	
	Assistance with coordination	<ul style="list-style-type: none"> Assistance provided Coordination effective 		
	Assistance with development and implementation of a quality framework	<ul style="list-style-type: none"> Quality management system in place in line with general principles of ISO 9000 		
	Assistance with preparation and dissemination of public information material	<ul style="list-style-type: none"> Public information prepared, disseminated and updated 		
	Assistance with developing a national UXO database	<ul style="list-style-type: none"> Database developed to include detailed records of all cleared areas 		
	Managing the Lao UXO Trust Fund, including independent program monitoring function on behalf of donors	<ul style="list-style-type: none"> Trust Fund managed to UNDP standards Independent program monitoring function operational 		
	Assisting donors	<ul style="list-style-type: none"> Assistance provided 		

